

# EXHIBIT 90



Sep 24 2008  
12:45PM

# **A Survey of Dispensing and Acquisition Costs of Pharmaceuticals in the State of Louisiana**

Prepared for the

Louisiana Department of Health  
and Hospitals

September 1999



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**Myers and Stauffer<sub>LC</sub>**

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Certified Public Accountants

## ACKNOWLEDGEMENTS

The firm of Myers and Stauffer LC, Certified Public Accountants, wishes to express appreciation to the following organizations and persons who provided assistance throughout the estimated acquisition cost and pharmacy cost study for the State of Louisiana:

- Mary Julia Terrebonne, P.D.
- The Louisiana Pharmacists Association
- All of the Louisiana pharmacists who cooperated by participating in the survey

# Table of Contents

<b>EXECUTIVE SUMMARY .....</b>	<b>4</b>
INTRODUCTION .....	4
SUMMARY OF FINDINGS .....	5
<b>PROGRAM OVERVIEW.....</b>	<b>7</b>
LOUISIANA MEDICAID PHARMACY PROGRAM OVERVIEW .....	7
DRUG UTILIZATION PROFILE.....	8
<b>DISPENSING COST SURVEY .....</b>	<b>10</b>
METHODOLOGY OF THE SURVEY .....	10
FIELD EXAMINATION PROCEDURES .....	12
COST FINDING PROCEDURES.....	13
ANALYSIS AND FINDINGS.....	18
SUMMARY.....	28
<b>PRESCRIPTION CHARGES SURVEY .....</b>	<b>29</b>
METHODOLOGY .....	29
ANALYSIS AND FINDINGS .....	30
<b>SURVEY OF ACQUISITION COSTS .....</b>	<b>34</b>
METHODOLOGY .....	34
ANALYSIS AND FINDINGS .....	36
<b>SUMMARY OF FINDINGS.....</b>	<b>45</b>
DISPENSING FEE .....	45
INGREDIENT ACQUISITION COST.....	45
<b>APPENDIX A. OVERVIEW OF REGRESSION ANALYSIS .....</b>	<b>47</b>
<b>APPENDIX B. SUMMARY OF PHARMACY ATTRIBUTES.....</b>	<b>49</b>
<b>APPENDIX C. ACQUISITION COST OF MULTI-SOURCE DRUGS.....</b>	<b>51</b>

## EXHIBITS

Chapter

1

## Executive Summary

### Introduction

Under contract to the Louisiana Department of Health and Hospitals, Myers and Stauffer performed a study of the cost of dispensing prescription medications to Medicaid recipients in the state of Louisiana. Components of this study included:

- A pharmacy dispensing cost survey.
- A drug acquisition cost study.

The dispensing cost study used a proven cost survey instrument similar to that used by Myers and Stauffer in Medicaid pharmacy engagements in fourteen other states and consistent with the methodology detailed in the Louisiana State Plan. All Louisiana pharmacy providers enrolled in the Medicaid program were surveyed; a random sample of filed cost surveys resulted in 405 usable dispensing cost surveys that were included in this analysis. All dispensing cost surveys were subject to extensive desk review procedures. Twenty (20) pharmacies were selected for on-site field examinations to validate reported costs.

Drug acquisition cost comparisons were compiled and analyzed for the top 600 drug products (as measured by Medicaid expenditures in calendar 1998) of the Louisiana Medicaid pharmacy program. The actual acquisition cost data shown on invoices obtained from 43 Louisiana pharmacy providers was compared to the standardized AWP (average wholesale price). Actual acquisition costs were also compared to the Federal Upper Limit (FUL) and the Louisiana Maximum Allowable Cost (LMAC) for those multi-source drugs with federal or state maximum allowable costs.

## Summary of Findings

The significant findings of the study are as follows:

### Dispensing Costs

- **The median cost to dispense a prescription (weighted by Medicaid prescriptions and inflated to June 30, 1999) is \$5.07<sup>1</sup>. Statistically, this is the best estimate of the overall average total cost of filling a Medicaid prescription.**
- No association was found between dispensing cost and unit-dose packaging, or other measures of long term care dispensing activity.
- No significant difference was found between the dispensing costs of urban versus rural pharmacies.
- No significant difference was found between the dispensing costs of independent and chain pharmacies.

### Ingredient Acquisition Cost

- For the 43 pharmacies in the sample, discounts from AWP for brand name drugs ranged from 15.0% to 20.3%. **The sample average discount was 17.0%**, with a standard deviation of 1.5%.
- **Findings from the study indicate that the differential in ingredient cost between independent and chain pharmacies is statistically significant. Chain pharmacies had average acquisition costs for brand-name drugs lower than their independent counterparts.** (Some chain pharmacies provided invoices from their own wholesale warehouse operations. In some cases, the chain internal invoices showed higher acquisition prices than drug wholesalers for the same product. There were also examples in which these invoices showed lower prices than drug wholesalers. Prices on these invoices do not reflect a true arms-length transaction.)
- Due to the low variability of observed discounts for brand name drugs, the sample of 43 pharmacies constitutes an adequate sample size for the acquisition cost study. A 99% confidence interval for the average discount from AWP for *all* pharmacies ranges from a lower bound of 16.4% to an upper bound of 17.6%.
- Of the sampled 300 brand name drugs, 268 drug products were matched to three or more purchases. Of these 268 products, average discounts from

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<sup>1</sup> The costs reported for pharmacies dispensing intravenous (I.V.) prescriptions is not representative of routine Medicaid prescription dispensing costs, and therefore are excluded from this median.

AWP for brand name drugs ranged from 13.9% to 25.8% with an average discount of 17.4%. The average actual drug acquisition cost (82.6% of AWP) is considerably less than the Department's current ingredient cost allowance of AWP minus 10.5%.

- When weighted by Medicaid volume, the average discount for all brand name drugs was 17.4% of AWP.
- The discounts from AWP for multi-source drugs exhibited much greater variation, but averaged 32.6% for drugs without FUL prices and 69.6% for drugs with FUL prices.

### General

As of July 1, 1999, ingredient cost reimbursement is AWP less 13.5 percent for chain pharmacies and AWP less 10.5 percent for independent pharmacies. The current dispensing fee is a maximum of \$5.77.

The average Medicaid brand name prescription is filled at the cost of \$5.07 (dispensing cost) and AWP minus 17.0%, or \$51.91 (ingredient acquisition costs), with chain store acquisition costs slightly less and the independent store acquisition cost slightly more. Maximum allowable reimbursement for this average brand prescription is \$59.87 for chain pharmacies and \$61.75 for independent pharmacies (\$5.77 + AWP minus 13.5%, and \$5.77 + AWP minus 10.5% for chain stores and independent stores respectively). **Clearly, the Louisiana reimbursement formula results in coverage of the costs for a significant majority of providers, as well as allowing for a margin on both the dispensing and ingredient portions of reimbursement.**

## Chapter

## 2

**Program Overview****Louisiana Medicaid Pharmacy Program Overview**

The Louisiana Medicaid program includes the benefit for prescription drugs. This program allows recipients access to many commonly prescribed drugs through its open formulary. The program excludes coverage for certain drug categories such as anorexic, cosmetic, cough and cold products, and most OTC drugs. During the state fiscal year ending June 1998, approximately 550,000 recipients received benefits through the pharmacy program receiving an average of about 19 prescriptions per year.

The current dispensing fee reimbursed is a maximum of \$5.77 and ingredient reimbursement is AWP minus 10.5% (with limitations). Medicaid reimbursement is based on the lower of the following prescription charge formulas:

- Average Wholesale Price (AWP) minus 10.5% plus a dispensing fee for single source products and multiple source products with no FUL or LMAC limits. A physician may override the LMAC or FUL limits by indicating "brand medically necessary" on a prescription for multi-source drugs with LMAC or FUL limits.
- Louisiana Maximum Allowable Cost (LMAC) or the Federal Upper Limit (FUL), when applicable for multi-source products, plus a dispensing fee.
- The provider's usual and customary charge to other payers.

Pharmacies are expected to collect patient co-payments of \$0.50 to \$3.00 on many prescriptions. Exceptions to the collection of co-payments include prescriptions to nursing home patients, children under 21, and pregnant women. Exclusions to co-payments also apply to prescriptions for emergency services and family planning drugs.

The pharmacy program puts certain limitations on the quantity of drugs dispensed. The program reimburses for new and refill prescriptions with a limit of five refills within six months. A new prescription must be issued after six months. The maximum prescription quantity reimbursed is one month's supply or 100 unit doses, whichever is greater.



Approximately 1,100 pharmacy providers participate in the Louisiana Medicaid drug program. Approximately 45% of the stores are chain-affiliated, and 55% are independently-owned stores. Independent providers are responsible for 66% of the Medicaid volume. For Louisiana Medicaid providers, the average annual Medicaid volume is approximately 8,900 prescriptions and the median annual Medicaid volume is roughly 5,700 prescriptions.

## Drug Utilization Profile

Myers and Stauffer was provided with a claims summary file by the state's fiscal agent, UNISYS. This file summarized pharmacy claims processed for calendar year 1998. Information from this file indicates that the Louisiana Medicaid program reimbursed:

- Approximately 18,300 drug products.
- 10.3 million prescriptions.
- \$355 million for prescription drug products.

Although approximately 85% of the 18,300 drug products and 60% of the 10.3 million prescriptions were multi-source drug products, these products account for only 31% (\$110.7 million) of the expenditures. The majority of the program's expenditures, \$244.4 million, reimbursed 4.1 million prescriptions of brand-name drug products.

Reimbursement for most multi-source drug products is limited by FUL and LMAC prices. For drugs on the FUL list, the federal Health Care Financing Administration (HCFA) semiannually reviews and updates the FUL drug list. Each FUL equates to 150% of the lowest wholesale price listed in any of the various published compendia of cost information of drugs. The Department sets LMAC prices at the median published wholesale price. Reimbursement for a few brand name products is limited by FUL and LMAC prices, however, no significant Louisiana Medicaid volume is associated with those products. The following tables summarize the makeup of the program's expenditures by brand name and multi-source categories. The tables also subdivide drug products based on whether the product has an FUL and/or LMAC upper limit.

**Table 2.1 Summary of Drug Program Utilization**

	<b>Product Type</b>	<b>Number of Drug Products</b>	<b>Number of Prescriptions</b>	<b>Amount Reimbursed</b>	<b>Percent of Program Expenditures</b>
	Brand Name Products	2,684	4,109,985	\$243,701,717	69%
<b>Multi-Source Products</b>	Products with an LMAC Price	1,343	680,127	16,407,743	5%
	Products with an FUL Price	2,443	671,993	9,115,740	2%
	Products with Both FUL and LMAC	7,906	3,188,373	35,864,345	10%
	Products with Neither	3,955	1,669,022	\$50,089,991	14%
	Subtotal: Multi-Source Products	15,647	6,209,515	\$111,477,819	31%
	<b>Total: All Products</b>	<b>18,331</b>	<b>10,319,500</b>	<b>355,179,536</b>	<b>100%</b>

*Note: Existence of FUL and LMAC prices is based upon November 1998 prices. Utilization figures are for Calendar Year 1998 as provided by UNISYS, the state's fiscal agent.*

Chapter

3

## Dispensing Cost Survey

The two primary components for reimbursement of pharmaceuticals are drug ingredient cost and the dispensing fee. The dispensing, or professional, fee is paid to pharmacies to cover their overhead and labor costs. Federal regulations at 42 CFR 447.331-333 require states to establish a reasonable dispensing fee and to document their pharmacy reimbursement methodology in their state plan. Dispensing fees for Medicaid programs have typically been based on an analysis of costs incurred by pharmacies within the state and tend to vary somewhat from state to state. In order to determine dispensing costs incurred to dispense pharmaceuticals to Medicaid recipients in the state of Louisiana, Myers and Stauffer utilized a survey method consistent with the methodology in the Louisiana Medicaid State Plan. This method is similar to the approach which Myers and Stauffer has used as the basis for analysis of dispensing cost in over a dozen states.

### Methodology of the Survey

#### Survey Population

The Louisiana Department of Health provided Myers and Stauffer with a list of pharmacy providers currently enrolled in the Medicaid program. Of the 1,123 pharmacies receiving cost surveys, 622 were independent pharmacies and 501 were chain pharmacies.

#### Mailing Procedures

Survey forms were mailed on February 11, 1999, to pharmacy providers currently enrolled in the Medicaid program. Each pharmacy received a copy of the cost survey (Exhibit 1), a list of instructions (Exhibit 2), a letter of explanation from Myers and Stauffer (Exhibits 3 and 4), a letter of introduction from the State of Louisiana (Exhibit 5), and a business reply envelope.

## **Survey Participation**

Of the 1,123 surveyed pharmacies, 70 pharmacies were determined to be ineligible to participate. Providers were deemed ineligible if they had closed their pharmacy, had a change of ownership, had dispensed less than 500 Medicaid prescriptions, or had less than six months of cost data available.

Concerted efforts to encourage maximum participation were made by various parties concerned with the success of the survey. An official letter (Exhibit 5) explaining the purpose of the study was sent to the sampled pharmacy providers by the Louisiana Department of Health and Hospitals. This letter indicated that participation was mandatory and non-response was grounds for termination from the Medicaid program. The cost survey forms and instructions and a letter of explanation from Myers and Stauffer (Exhibit 3) offered pharmacy owners the option of having Myers and Stauffer complete certain sections of the survey form if copies of financial statements and/or tax returns were supplied. A toll-free telephone number was listed on the survey form, and pharmacists were urged to call to resolve any questions they had concerning completion of the survey form. An additional letter from the Louisiana Pharmacists Association (Exhibit 6) was sent encouraging participation in the survey.

The survey forms were accompanied by a flyer announcing a series of informational meetings that were held in nine locations across Louisiana (see Exhibit 7). A presentation explaining the dispensing cost survey forms was included in the meetings. Pharmacy owners and managers had the opportunity to meet with Department and Myers and Stauffer representatives and ask questions about the survey process.

By the original filing deadline of March 15, 1999, 484 cost surveys had been received. All pharmacies that had not responded by that deadline were sent a letter extending the original deadline to March 29, 1999 (Exhibit 8).

By March 29, 703 pharmacies had submitted cost surveys. In order to maximize the response rate, 340 additional cost surveys were accepted after the extended deadline.

## **Selection of Random Sample**

After the survey collection process, a sample of cost surveys were chosen for review and analysis. In order to be used in the analysis, cost surveys were subjected to an intensive review process. Time constraints for the project made the use of all cost surveys impractical. Accordingly, a random sample of approximately 425 cost surveys was selected for the review process. As the selection process was entirely random and the sample size relatively large, the random sample was representative of the Louisiana Medicaid provider population.

Many of the submitted cost surveys contained errors or were incomplete. For cost surveys with such errors or omissions, the pharmacy was contacted for clarification. There were some cases in which issues on the cost survey were not resolved in time for inclusion in the final analysis. Ultimately, 405 surveys were entered into a database and used in the analysis of dispensing costs.

The following table, 3.1, summarizes the cost survey response rate.

**Table 3.1 Pharmacies Responding to Cost Survey**

Type of Pharmacies	Total Medicaid Participating Pharmacies	Pharmacies Exempt from Filing	Eligible Pharmacies	Cost Surveys Received	Response Rate	Pharmacies Sampled
Chain	501	12	489	484	99%	207
Independent	622	58	564	489	87%	198
TOTAL	1,123	70	1,053	973	92%	405

### **Reporting Bias**

Due to the mandatory nature of the dispensing cost survey, there is minimal risk of any reporting bias. A pharmacy's decision to file was not the result of any preconceived notion that its costs were high or low, but rather a function of the requirement imposed by the Department of Health and Hospitals.

### **Receipt and Review Procedures**

For confidentiality purposes, each pharmacy was randomly assigned a four-digit identification number and each cost survey in the sample was carefully examined. This review identified cost surveys considered incomplete, and pharmacies submitting these cost surveys were sent a "Request for Additional Information" letter specifying the information necessary for completion (Exhibit 9). Those pharmacies not responding to the request for additional information were sent a second request for additional information. Pharmacies not responding to this second request for additional information were contacted by telephone.

### **Field Examination Procedures**

Twenty pharmacies in the random sample were selected for a field examination. The selection was primarily random, but geographic location was taken into consideration. A letter was sent to each selected pharmacy explaining the selection process, the time period during which the field examination would take place, and the necessary data to have available. Each pharmacy was then contacted by telephone for further explanation of the field examination and confirmation of the time and date. An examination file was prepared for each of

the 20 pharmacies containing a uniform field examination program (Exhibit 10), a copy of the completed reviewed cost survey, and other necessary work papers. Field examinations were conducted during the period June 2 through June 11, 1999.

Following the actual visit to the pharmacy, the work papers were completed by making a second examination of each file to ensure that all necessary information had been obtained. A follow-up letter was sent to each pharmacy visited, expressing appreciation for the time and cooperation of pharmacy personnel. Each work paper file was reviewed for quality assurance. Results of the 20 field examinations showed no significant bias in overstating or understating costs reported on the cost survey (Exhibit 11).

## **Cost Finding Procedures**

Cost finding is the process of recasting cost data using rules or formulas in order to accomplish an objective. In this study, the objective is to estimate the cost of dispensing prescriptions to Medicaid recipients. To accomplish this objective, some pharmacy costs must be allocated between the prescription dispensing function and other business activities. This process identified the reasonable and allowable costs necessary for prescription dispensing to Medicaid recipients.

Most pharmacies are also engaged in lines of business other than the dispensing of prescription drugs. For example, many pharmacies have a retail business with sales of over-the-counter (OTC) drugs and other non-medical items. Some pharmacies are involved in the sale of durable medical equipment. The existence of these other lines of business necessitate that procedures be taken to isolate the costs involved in the prescription dispensing function of the pharmacy.

Dispensing cost consists of two components: overhead and labor. The cost finding rules employed to determine each of these components are described in the following sections.

### **Overhead Costs**

Overhead cost per prescription was calculated by summing the allocated overhead of each pharmacy and dividing this sum by the number of prescriptions dispensed. Overhead expenses originally reported for the entire pharmacy were allocated to the prescription department based on either:

- The sales ratio (prescription sales / total sales),
- The area ratio (prescription department floor space (in square feet) / total floor space),
- All (100%), or
- None.

Overhead costs that were considered *entirely prescription-related* include:

- Prescription department fees.
- Dues and publications.
- Prescription delivery expense.
- Prescription computer expense.
- Prescription containers and labels. (For many pharmacies the costs associated with prescription containers is captured in their cost of goods. Subsequently, it was often the case that a pharmacy was unable to report expenses for prescription containers. In order to maintain consistency, a standardized allowance for prescription containers was determined in conjunction with a consultant pharmacist. See Exhibit 12.)
- Certain other expenses that were separately identified on lines 27-29<sup>2</sup> (see the cost survey in Exhibit 1).

Overhead costs that were *not allocated as a prescription expense* include:

- Income taxes<sup>3</sup>.
- Bad debts<sup>4</sup>.
- Advertising.
- Contributions<sup>5</sup>.

Certain costs reported on Lines 27, 28, and 29 were occasionally excluded. An example is freight expense, which usually relates only to nonprescription purchases or cost of goods sold.

The remainder of the costs was assumed to be related to *both prescription and nonprescription sales*. Joint cost allocation is necessary to avoid understating or overstating the cost of filling a prescription.

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<sup>2</sup> Expenses that were considered entirely prescription-related were transferred to Lines 16 or 28. One example is continuing professional education for a pharmacist.

<sup>3</sup> Income taxes are not considered an operational cost because they are based upon the profit of the pharmacy operation. Although a separate line was provided for the state income taxes of corporate filers, it was not allowed as a prescription cost in order to afford equal treatment to each pharmacy, regardless of the type of ownership.

<sup>4</sup> Bad debts were not considered a prescription-related expense since they are revenue offsets arising through an accrual recognition of revenues which are later found to be not collectible. Disallowing this expense also afforded equal treatment to providers, irrespective of their method of accounting.

<sup>5</sup> Individual proprietors and partners are not allowed to deduct contributions as a business expense for federal income tax purposes. Any contributions made by their business are deducted along with personal contributions as itemized deductions. However, corporations are allowed to deduct contributions as a business expense for federal income tax purposes. Thus, while Line 19 on the cost report recorded the business contributions of a corporation, none of these costs were allocated as a prescription expense. This, again, afforded equal treatment for each type of ownership.



Those overhead costs allocated on the ratio of the *floor space* (as previously defined) include:

- Depreciation.
- Real estate taxes.
- Rent.
- Repairs.
- Utilities.

The costs in these categories were considered a function of floor space. For example, the larger the facility, the higher the rent, if other factors are considered equal. The floor space ratio was increased by 50 percent from that reported on the original cost survey to allow for waiting area for patients and prescription department office area. The resulting ratio was adjusted downward, when necessary, not to exceed the sales ratio (in order to avoid allocating 100% of these costs in the rare instance where the prescription department occupies the majority of the area of the store).

Overhead costs allocated using the *sales ratio* include:

- Personal property taxes.
- Other taxes.
- Insurance.
- Interest.
- Accounting and legal fees.
- Telephone and supplies.

### **Labor Costs**

Labor costs are calculated by allocating total salaries, payroll taxes, and benefits based on the percent of time spent in the prescription department. The allocations for each labor category were summed and then divided by the number of prescriptions dispensed to calculate labor cost per prescription. There are various classifications of salaries and wages requested on the cost survey (Lines 31-44) due to the different cost treatment given to each labor classification.

The total salaries, payroll taxes, and benefits of employee pharmacists (Lines 34-38) were multiplied by a factor based upon the percent of prescription time. Although some employee pharmacists spent a portion of their time performing nonprescription duties, it was assumed that their economic productivity when performing nonprescription functions was less than their productivity when performing prescription duties. Therefore, a higher percentage of salaries, payroll



taxes, and benefits was allocated to prescription labor costs than would have been if a simple percent of time allocation was utilized. Specifically, the percent of prescription time indicated was multiplied by two and divided by the percent of prescription time plus one.

The allocation of salaries, payroll taxes, and benefits for all other prescription employees (Lines 39-43) was based directly upon the percentage of time spent in the prescription department as indicated on the individual cost survey. For example, if the reported percentage of prescription time was 75 percent and total salaries were \$10,000, then the allocated prescription cost would be \$7,500.

**An Example:**

An employee pharmacist spends 90 percent of their time in the prescription department. The 90 percent factor would be modified to 95 percent:

$$\frac{(2)(.9)}{(1 + .9)}$$

$$(1 + .9)$$

Thus, 95 percent of the reported salaries, payroll taxes, and benefits would be allocated to the prescription department. It should be noted that most employee pharmacists spent 100 percent of their time in the prescription department.

### **Owner Compensation Issues**

The allocation of salaries, payroll taxes, and benefits of the owner pharmacists (Lines 31-33) was based upon the same modified percentage as that used for employee pharmacists. However, limitations were placed upon the allocated salaries, payroll taxes, and benefits of owner pharmacists. Since amounts shown for owner pharmacists are not historical costs that have arisen from arm's length negotiations, they are not similar to other costs. A pharmacy owner has a different attitude toward other expenses than toward his/her own salary. In fact, owners often pay themselves above the market costs of securing the services of an employee pharmacist. This excess effectively represents a withdrawal of business profits, not a cost of dispensing. Some owners may underpay themselves for business reasons, which would also misrepresent the true dispensing cost.

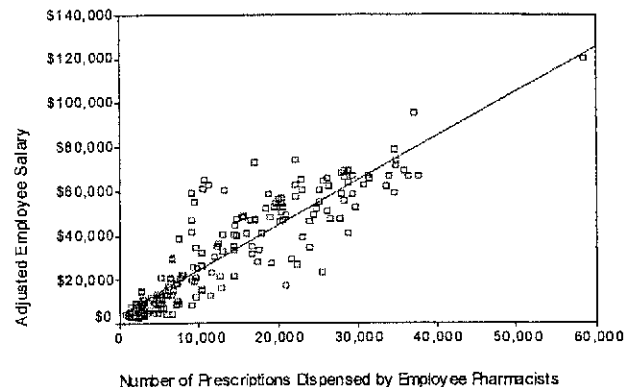
Another factor considered in determining the allocation of owner's salaries was the variability in productivity. For example, one owner pharmacist may dispense 30,000 prescriptions per year while another may dispense 5,000. Those owner pharmacists who dispensed a greater number of prescriptions were allowed a higher salary than were owner pharmacists who dispensed a smaller number of prescriptions. Since variance is not nearly as great with respect to employee pharmacists, the owner pharmacist's salary was subjected to limits based upon employee pharmacists' salaries per prescription.

## Determining Owner Compensation Allowances

To estimate the cost that would have been incurred had an employee been hired to perform the prescription-related functions actually performed by the owner, a bivariate plot technique was used. A bivariate plot shows the correlation between an independent (predictor) variable and a dependent (predicted) variable. The upper and lower limits on owner pharmacist salary were determined from a bivariate regression (Chart 3.1)<sup>6</sup>. The resulting regression equation to predict pharmacist labor cost at varying amounts of work performed is:

Chart 3.1 Employee Pharmacist Salaries

Independent Pharmacies



$$\text{Labor cost} = \$2.033 \times (\text{number of prescriptions dispensed}) + \$4,072$$

This equation was used as a lower limit for allocating owner pharmacist costs. Adding one standard deviation (\$10,981) to the above equation set the upper limit. An additional constraint is a \$73,217 maximum annual salary. This amount was set at the 75<sup>th</sup> percentile of annual salary for full time employee pharmacists at independent pharmacies. Thus, the amount of owner's salary allocated to prescription costs was limited to \$2.033 times the number of prescriptions dispensed by the owner<sup>7</sup> plus \$15,053, not to exceed \$73,217.

There is no reason to believe that managerial or clerical duties performed by the nonpharmacist owners were more valuable to the prescription dispensing function than for other functions. As with other owners, the amount shown for salaries, payroll taxes, and benefits was not a result of arm's length negotiations. Therefore, an upper limit of \$20,000 and a lower limit of \$10,000 were placed upon these prescription costs. These limits were chosen based on experience in prior surveys. No adjustment was made to the percentage of prescription time factor for owner nonpharmacists (Lines 31-33).

<sup>6</sup> Employee pharmacist salary per prescription was used to set limitations on owner pharmacist salary estimates due to the "arm's length" nature and lack of variance in employee productivity compared with owner productivity.

<sup>7</sup> The number of prescriptions filled by the owner pharmacist was determined by multiplying the percent of owner-filled prescriptions (Lines 31-33 of the cost report) by the total number of prescriptions dispensed (Line k).

## Overall Labor Cost Constraints

An overall constraint was placed on the proportion of total reported labor that could be allocated as prescription labor. The constraint assumes that a functional relationship exists between the proportion of allocated prescription labor to total labor **and** the proportion of prescription sales to total sales. It is also assumed that a higher input of labor costs is necessary to generate prescription sales than nonprescription sales, within limits.

The parameters of the applied labor constraint are based upon an examination of data submitted by all pharmacies. These parameters are set in such a way that any resulting adjustment affects only those pharmacies with a percentage of prescription labor deemed unreasonable. For instance, the constraint would come into play for an operation that reported 75 percent pharmacy sales and 100 percent pharmacy labor (obviously, some labor must be devoted to generating the 25 percent nonprescription sales).

To determine the maximum percentage of total labor allowed, the following calculation was made:

$$\frac{0.3(\text{Sales Ratio})}{0.1 + (0.2)(\text{Sales Ratio})}$$

## Inflation Factors

All allocated costs for overhead and labor were totaled and multiplied by an inflation factor. Inflation factors are intended to reflect cost changes from the middle of the reporting period of a particular pharmacy to a common fiscal period ending June 30, 1999. As specified in the Louisiana Medicaid State Plan, the midpoint and terminal month indices used were taken from the U. S. Government Consumer Price Index (CPI), Southern Region, Urban Consumer (see Exhibit 13).

The use of inflation factors is necessary in order for pharmacy cost data from various fiscal years to be compared uniformly. Recent experience with pharmacy cost studies has indicated that the CPI may tend to overstate increases in dispensing cost over an extended time. This appears to be the result of increased cost containment pressures exerted on retail pharmacies by reduced reimbursement from managed care entities.

## Analysis and Findings

The dispensing costs for all pharmacies in the sample are summarized in the tables and paragraphs following. We present the findings for all pharmacies in the sample collectively, and also for subsets of the sample based on pharmacy characteristics.

There are several statistical measurements that may be used to express the central tendency of a distribution, the most common of which are the average, or mean, and the median (see sidebar). Our findings are presented in the forms of means and medians, both raw and weighted.

In many real world settings such as this dispensing cost survey, statistical "outliers" are a common occurrence. These outlier pharmacies have dispensing costs that are not typical of the majority of pharmacies. Medians are often preferred to averages in situations where the magnitude of outlier values results in an arithmetic average that does not represent what we think of as "average" or normal in the common sense. The measurement that is the most ideally suited for determining the typical cost of dispensing prescriptions to Medicaid recipients is the **median weighted by Medicaid volume**.

For all pharmacies in the sample, our findings are presented in Table 3.2.

#### **Different Measures of Central Tendency:**

**Unweighted mean:** simply the average cost for each pharmacy.

**Weighted mean:** the average cost of all prescriptions dispensed by pharmacies included in the sample, weighted by prescription volume. This implies that low volume pharmacies have a smaller impact on the weighted average than high volume pharmacies. This approach, in effect, sums all costs in the sample and divides that sum by the total of all prescriptions in the sample. The weighting factor can be either total prescription volume or Medicaid prescription volume.

**Median:** the value that divides a set of observations (such as dispensing cost) in half. In the case of this survey, the median is the dispensing cost such that the cost of one half of the pharmacies in the set are less than or equal to the median and the dispensing costs of the other half are greater than or equal to the median.

**Weighted Median:** This is determined by finding the pharmacy observation that encompasses the middle value prescription. The implication is that one half of the prescriptions were dispensed at a cost of the weighted median or less, and one half were dispensed at the cost of the weighted median or more.

For example, there were 4,205,203 Medicaid prescriptions dispensed by the 405 pharmacies in the sample. If the pharmacies were arrayed in order of dispensing cost, the median weighted by Medicaid volume, is the dispensing cost of the pharmacy the dispensed the middle, or 2,102,602<sup>nd</sup> prescription.

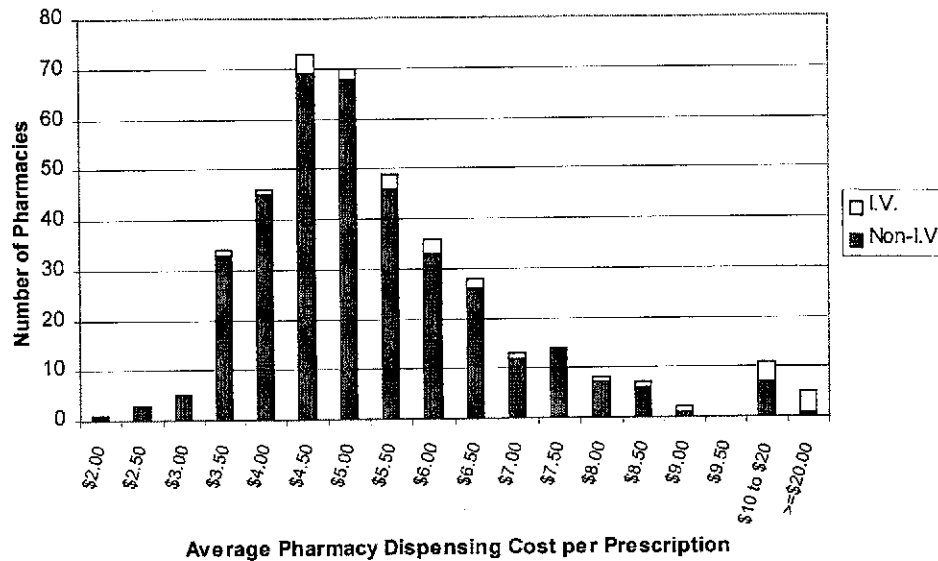
**Table 3.2 Cost Per Prescription – All Pharmacies**

	Dispensing Cost
Median Weighted by Medicaid Volume	\$5.15
Median Weighted by Total Volume	\$5.07
Median	\$5.28
Unweighted Mean	\$6.45
Mean Weighted by Medicaid Volume	\$5.52
Mean Weighted by Total Volume	\$5.39

*(Dispensing Costs have been inflated to the common point of June 30, 1999)*

Chart 3.1 is a histogram of the dispensing cost for all pharmacies in the sample. There was a large disparity between the highest, \$152.55, and lowest, \$2.18, dispensing cost observed for pharmacies in the sample. The majority of pharmacies (238), however, had dispensing costs in the range of \$4.00 to \$6.00.

Chart 3.3 Dispensing Cost by Pharmacy  
All Pharmacies in Sample



The most significant characteristic which affected pharmacy dispensing cost was the provision of intravenous (I.V.) solutions. Our analysis revealed significantly higher costs of dispensing is associated with the 28 pharmacies in the sample that provided this service.

In every pharmacy dispensing study where information on I.V. solution dispensing activity has been collected by Myers and Stauffer, such activity has been found to be associated with higher dispensing costs. Discussions with pharmacists providing I.V. solutions indicate that the activities and costs involved in filling I.V. prescriptions are significantly different from the costs incurred by the typical retail (or long term care) pharmacy. The reasons for this difference include:

- costs of special equipment for mixing and storage of I.V. solutions;
- higher direct labor costs because most I.V. prescriptions must be mixed in the pharmacy, whereas the manual activities to fill a non-I.V. prescription are mainly limited to counting pills (or vials, etc.) and printing and affixing the label; and
- a pharmacy may mix and deliver many "dispensings" of a daily I.V. solution from a single prescription, thus incurring additional costs spread over a smaller number of prescriptions.

This latter factor, in particular, can have a dramatic impact on increasing a pharmacy's apparent cost per prescription.

The differences in dispensing costs which were observed for providers of I.V. services compared to those pharmacies which did not offer I.V. services are summarized in Table 3.3.

**Table 3.3 Cost Per Prescription - I.V. Versus non I.V. Pharmacies**

Type of Pharmacy	Number of Pharmacies	Unweighted Mean Total Cost	Standard Deviation	Mean Total Cost Weighted by Total Volume
Pharmacies Dispensing I.V. Prescriptions	28	\$18.57	\$32.86	\$8.97
Pharmacies Not Dispensing I.V. Prescriptions	377	\$5.55	\$1.76	\$5.14

*(Dispensing Costs have been inflated to the common point of June 30, 1999)*

Based on our cost findings, it must be concluded that the costs incurred to dispense I.V. prescriptions are not representative of the costs incurred by a general pharmacy. If the costs of I.V. services were to be included in the computation of an average or median dispensing cost that was then used to establish a reimbursement rate, the effect would be to pay approximately 93% of pharmacies an additional allowance for a service they never provided. And, for those pharmacies providing I.V. services, the marginal increase in the fee would be immaterial in relation to the cost of actually dispensing an I.V. prescription.<sup>8</sup> Consequently, many of the analyses which follow, exclude these providers which had dispensed I.V. prescriptions. Table 3.4 restates some of the measurements noted in Table 3.2 excluding pharmacies that dispensed I.V. prescriptions.

**Table 3.4 Cost Per Prescription – Excluding I.V. Pharmacies**

	Dispensing Cost
Median Weighted by Medicaid Volume	\$5.07
Median Weighted by Total Volume	\$5.03
Median	\$5.23
Raw Mean	\$5.55
Mean Weighted by Medicaid Volume	\$5.19
Mean Weighted by Total Volume	\$5.14

*(Dispensing Costs have been inflated to the common point of June 30, 1999)*

<sup>8</sup> Although typical dispensing fees reimburse less than the dispensing costs of I.V. pharmacies, they are generally able to break even based on the margin allowed on ingredient cost reimbursement.



### Analysis of Pharmacy Characteristics

Responding pharmacies were categorized into various groups of interest and their dispensing costs analyzed to determine statistical significance. These characteristics include:

- Chain versus independent pharmacy affiliation.
- Urban versus rural pharmacy location.
- Type of pharmacy ownership.
- Total prescription volume.
- Total Medicaid volume.
- Medicaid volume as a percent of total volume.
- Provision of unit dose dispensing services.

For reasons previously described, these analyses are limited to those pharmacies that did not provide I.V. services. All costs referred to in these analyses have been inflation adjusted to the common point of June 30, 1999.

One way to determine the statistical significance of differences in dispensing cost between the pharmacies classified by the above referenced characteristics is through the use of a *t*-test. The sample data may show that a certain group of pharmacies has a sample mean lower or higher than another group. Recognizing that the data only represents a sample, a *t*-test is a statistical technique that seeks to determine if the findings are strong enough that a similar relationship can be expected to exist for the entire population. The *t*-test takes into consideration the sample's size, mean, and underlying variance.

#### 1) Chain Versus Independent Pharmacy Affiliation

Of the 377 pharmacies in the sample that did not dispense I.V. prescriptions, 170 were independent pharmacies and 207 were chain pharmacies.

**Table 3.5 Chain Versus Independent Pharmacies**

Type of Pharmacy	Number of Stores	Unweighted Mean Cost	Standard Deviation of Cost	Median Weighted by Medicaid Volume
Independent	170	\$5.45	\$2.11	\$5.08
Chain	207	\$5.64	\$1.41	\$5.03

The use of a *t*-test indicates that the difference in the raw means is not statistically significant (at the 5% level of significance). This means that there is insufficient evidence in the *sample* data to support the contention that there is a chain versus

independent dispensing cost differential for the population of *all* chain and independent pharmacies.

## 2) Urban Versus Rural Pharmacy Location

Myers and Stauffer used the zip code of each pharmacy to determine if it was located in a Metropolitan Statistical Area (MSA) as used by the federal Health Care Finance Administration (HCFA). Those in an MSA were considered to be urban, and those not in an MSA were considered rural.

**Table 3.6 Urban Versus Rural Pharmacy Location**

Location of Pharmacy	Number of Stores	Unweighted Mean Cost	Standard Deviation of Cost	Median Weighted by Medicaid Volume
Urban	263	\$5.59	\$1.76	\$5.17
Rural	114	\$5.47	\$1.77	\$4.92

Again, the use of a *t*-test indicates that the difference in the raw means is not statistically significant (at the 5% level of significance).

As an additional analysis of pharmacy dispensing cost by location, pharmacies were grouped by Medicaid region.

**Table 3.7 Dispensing Costs by Medicaid Region**

Location of Pharmacy (Medicaid Region)	Number of Stores	Unweighted Mean Cost	Standard Deviation of Cost
Region I, New Orleans	72	\$5.84	\$1.95
Region II, Baton Rouge	45	\$5.69	\$2.66
Region III, Thibodaux	32	\$5.67	\$1.87
Region IV, Lafayette	61	\$5.43	\$1.22
Region V, Lake Charles	30	\$5.46	\$1.01
Region VI, Alexandria	32	\$5.34	\$2.03
Region VII, Shreveport	37	\$5.47	\$1.16
Region VIII, Monroe	36	\$5.74	\$1.65
Region IX, Mandeville	30	\$5.04	\$1.52
Out of State	2	\$4.94	\$0.03

Some of the differences observed in the regional breakdown of dispensing cost are statistically significant (at the 5% level of significance). For example the two extremes, Region I, New Orleans, and Region IX, Mandeville, have a statistically significant difference in dispensing costs. Other differences, such as between the New Orleans and Baton Rouge regions, are not significant.



### 3) Type of Pharmacy Ownership

Pharmacies reported their ownership as being

- sole proprietor,
- partnership, or
- corporation.

**Table 3.8 Pharmacy Ownership**

Ownership Structure of Pharmacy	Number of Stores	Unweighted Mean Cost	Standard Deviation of Cost
Sole Proprietor	38	\$5.25	\$1.26
Partnership	54	\$5.19	\$0.99
Corporation	283	\$5.61	\$1.81

The majority, 75%, of pharmacies had a corporate business structure. Differences in dispensing costs among these types of ownership structures were not statistically significant (at the 5% level of significance).

### 4) Total Prescription Volume

Pharmacies were classified into meaningful groups based upon their differences in total prescription volume. Dispensing costs were then analyzed based upon these volume classifications.

**Table 3.9 Pharmacy Total Annual Prescription Volume**

Total Annual Prescription Volume of Pharmacy	Number of Stores	Unweighted Mean Cost	Standard Deviation of Cost
0 to 14,999	37	\$7.69	\$3.29
15,000 to 24,999	82	\$6.09	\$1.57
25,000 to 49,999	124	\$5.25	\$1.30
50,000 to 79,999	78	\$4.91	\$0.93
80,000 and Higher	56	\$4.94	\$0.91

There is a significant correlation between a pharmacy's total prescription volume and the dispensing cost per prescription. For all categories noted above, with the exception of the two highest volume categories, differences in the mean dispensing cost were statistically significant (at the 5% level of significance). This result is not surprising because many of the costs associated with any business, included the dispensing of prescriptions, are fixed in nature, and do not vary significantly with increased volume. For stores with a higher total prescription volume, these fixed costs are spread over a greater number of prescriptions resulting in lower costs per prescription.

## 5) Total Medicaid Volume

Pharmacies were also classified based upon their Medicaid volume. Medicaid volume for calendar year 1998 was supplied to Myers and Stauffer by the Department's fiscal agent, UNISYS.

**Table 3.10 Pharmacy Annual Medicaid Prescription Volume**

Annual Medicaid Prescription Volume of Pharmacy	Number of Stores	Unweighted Mean Cost	Standard Deviation of Cost
0 to 2,999	76	\$6.48	\$2.58
3,000 to 14,999	228	\$5.50	\$1.43
15,000 and Higher	73	\$4.76	\$1.13

Again, for all of the classifications shown, the differences in the mean dispensing cost were found to be statistically significant (at the 5% level of significance). It should be noted, however, that there is a correlation between Medicaid volume and total prescription volume. The relationship noted with regard to Medicaid volume, is a function of total prescription volume rather than Medicaid volume alone.

## 6) Medicaid Volume as a Percent of Total Volume

A better measure of the effect of a provider's Medicaid volume was to use Medicaid volume as a percent of total volume. To facilitate this analysis, pharmacies were arrayed into meaningful classifications of Medicaid utilization.

**Table 3.11 Pharmacy Medicaid Utilization Ratio**

Medicaid Prescription Volume as a Percent of Total Volume	Number of Stores	Unweighted Mean Cost	Standard Deviation of Cost
0.0% to 9.9%	100	\$5.59	\$1.60
10.0% to 39.9%	195	\$5.40	\$1.40
40.0% and Higher	82	\$5.75	\$2.56

The differences in the sample means observed here were not statistically significant. This important result indicates that the sample data does not support the contention that there are higher or lower costs associated with a pharmacy's Medicaid utilization.

## 7) Provision of Unit Dose Dispensing Services

Pharmacies were classified by whether or not they provided prescription drugs in unit dose packaging.

**Table 3.12 Provision of Unit Dose Prescription Services**

Type of Pharmacy	Number of Stores	Unweighted Mean Cost	Standard Deviation of Cost	Mean Weighted by Total Volume	Mean Weighted by Medicaid Volume
Provides Unit Dose Services	135	\$5.27	\$1.44	\$5.12	\$5.20
Does Not Provide Unit Dose Services	242	\$5.71	\$1.91	\$5.15	\$5.18

Without further analysis, the results shown in Table 3.12 indicate that there is a significantly higher dispensing cost associated with pharmacies that do *not* dispense unit dose prescriptions. However, as the weighted means suggest, the raw means are somewhat skewed by providers with relatively low volumes. A more reasonable conclusion would be that the provision of unit dose dispensing services does not produce a significant differential in dispensing costs.

The analyses described above tested for significance differences in cost by analyzing one pharmacy attribute at a time. A more sophisticated method to analyze the impact of pharmacy characteristics upon dispensing cost is to use a multivariate regression analysis. In such an analysis, it is possible to control for factors known to affect dispensing cost, such as total prescription volume, and determine if other factors have a significant impact dispensing cost. It is possible for an attribute to be not statistically significant in a *t*-test, but still be shown to have some effect on dispensing cost in a multivariate analysis. For further discussion of the multivariate analyses performed on the dispensing cost data, see Appendix A.

### Components of Cost

Information on prescription dispensing cost was collected on the cost survey in individual expense categories. We analyzed the various components of the average dispensing cost for the pharmacies in the sample. Table 3.13 and Charts 3.2 and 3.3 display the various cost components of the mean costs for pharmacies in the sample. Mean costs were weighted by total prescription volume, and for this presentation pharmacies dispensing I.V. prescriptions were excluded.

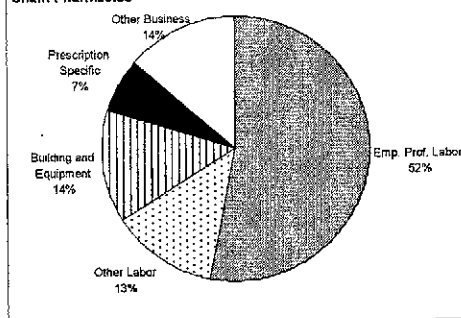
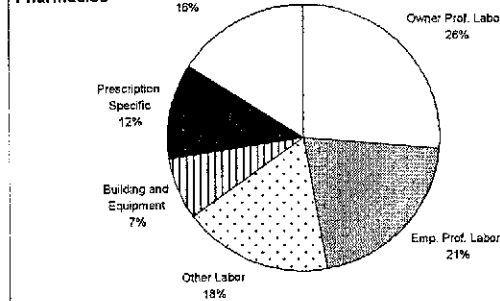
Expenses were classified as follows:

- Owner professional labor – owner's labor costs were subject to constraints in recognition of its special circumstances as previously noted.
- Employee professional labor consists of employee pharmacists.

- Other labor includes the cost of delivery persons, interns, technicians, clerks and any other employee with time spent performing the prescription function of the pharmacy.
- Building and equipment expense includes depreciation, rent, ownership costs, repairs, utilities and any other expenses related to building and equipment.
- Prescription-specific expense includes pharmacist-related dues and subscriptions, prescription containers and labels, prescription-specific computer expenses, continuing education, prescription fees<sup>9</sup>, and any other expenses that are unique to the prescription dispensing business.
- Other business expenses consists of all other expenses that were allocated to the prescription dispensing function of the pharmacy including interest, insurance, telephone, and legal and professional fees.

**Table 3.13 Components of Prescription Dispensing Cost**

Type of Expense	Chain Pharmacies	Independent Pharmacies
Owner Professional Labor	\$0.00	\$1.32
Employee Professional Labor	\$2.78	\$1.02
Other Labor	\$0.69	\$0.89
Building and Equipment	\$0.71	\$0.37
Prescription Specific Expenses	\$0.35	\$0.57
Other Business Expenses	\$0.71	\$0.79
<b>Total</b>	<b>\$5.23</b>	<b>\$4.97</b>

**Chart 3.4 Components of Cost per Prescription for Chain Pharmacies****Chart 3.5 Components of Cost per Prescription for Independent Pharmacies**

<sup>9</sup> The Department of Health and Hospitals levies a \$0.10 per prescription fee on Louisiana pharmacies. Some pharmacies reported the fee on the cost survey as an expense to the pharmacy. Others treated the prescription fee similar to sales tax, an expense passed on to the consumer, and consequently not an expense to the pharmacy. In some cases, it was difficult to determine if the pharmacy had included or excluded the expense related to this fee. As far as it was possible to do so, the survey results include expense related to this fee.

Clearly, the single largest component of cost is labor with both independents and chain pharmacies spending 65% of their overall prescription costs on labor related costs. Chain pharmacies tend to have a larger portion of their labor costs devoted to professional labor compared to independents which tended to have higher "other" labor.

## Summary

To summarize, the significant findings from the dispensing cost survey are as follows:

- The median cost to dispense a prescription (weighted by Medicaid prescriptions and inflated to June 30, 1999) is \$5.07.
- No association was found between dispensing cost and unit-dose packaging, or other measures of long term care dispensing activity.
- No significant difference was found between the dispensing costs of urban versus rural pharmacies.
- No significant difference was found between the dispensing costs of independent and chain pharmacies.

**Table 3.14 Inflation Adjusted Median Dispensing Cost**

Period	Midpoint	Inflation Adjusted <sup>A</sup> Median <sup>B</sup> Dispensing Cost
State Fiscal Year 1999	12/31/1998	\$5.00
Calendar Year 1999	6/30/1999	<b>\$5.07</b>
State Fiscal Year 2000	12/31/1999	\$5.14
Calendar Year 2000	6/30/2000	\$5.22
State Fiscal Year 2001	12/31/2000	\$5.29

<sup>A</sup> Inflation factors to June 30, 1999 are based on the CPI, Southern Region, Urban Consumer. Future inflation projections are based on the CPI, All Urban, as published in *Health Care Cost Review, First Quarter 1999* by Standard & Poor's DRI.

<sup>B</sup> Weighted by Medicaid prescription volume.

## Chapter

## 4

**Prescription Charges Survey**

In addition to the actual cost to dispense prescriptions to Medicaid recipients, another factor of interest to the Department was the issue of gross margin. To determine gross margin (the amount of the selling price in excess of the product's acquisition cost) in the prescription dispensing business, a survey of prescription charges was obtained from Louisiana pharmacies. This survey enabled an analysis of payments received from cash customers and third party payers besides Medicaid. The survey also made possible the determination of gross margin from other payers.

**Methodology**

In addition to the dispensing cost survey, a prescription charges survey was mailed to each pharmacy. The survey instrument provided for a listing of 50 new prescriptions from one of two survey dates – May 20, 1998, or November 20, 1998. Each pharmacy was asked to list the first 50 new prescriptions filled on or immediately following one of these dates, excluding Medicaid, compounded, and OTC prescriptions. The survey dates were randomly assigned to each pharmacy so that approximately one-half of the sampled pharmacies was assigned each date. The information requested for each prescription was the prescription number, the name and the strength of the drug, the National Drug Code (NDC) number, the quantity filled, the actual selling price of the prescription, and a code indicating whether the prescription was paid for by a cash paying customer or a third party reimbursement plan. There were 403 prescription charges surveys used in our analysis.

The usual and customary survey was utilized for several purposes:

- First, it was used to provide a test of the pharmacy's reported prescription sales and/or number of prescriptions dispensed.
- Second, it was used to determine an estimate of the average prescription reimbursement for each pharmacy. Because prescriptions were marked as being a third party or cash customer, the survey served as a means to

estimate the average reimbursement received by pharmacies from these types of customers.

- The third purpose was the computation of the gross margin and net margin per prescription (gross margin less total cost per prescription) in order to approximate the average profit per prescription.

A review of the prescription charge survey data by a pharmacist consultant revealed discrepancies between quantities reported by the pharmacy on the survey and quantities that should have been reported for the purpose of matching against the National Drug Code numbers. There were two types of quantity discrepancies.

- A unit of one was reported (incorrectly) instead of the total number of tablets, milliliters, or grams. For Medicaid billing purposes, certain prepackaged items, creams, ointments, and ophthalmic solutions are to be billed in grams, cubic centimeters, etc. As an example, an ophthalmic medication consisting of one bottle of 10 cc's was reported as "one" instead of 10 cc's. Our computer program would have computed one times the unit cost of the drug, instead of ten times the unit cost of the drug. This results in a smaller acquisition cost and, consequently, a higher gross margin.
- The correct number of units was reported in a different unit of measure than that utilized on the drug pricing formulary (e.g., 4 ounces were reported instead of 120 ml). Also, in this instance, the result is a smaller estimated acquisition cost and an inflated gross margin.

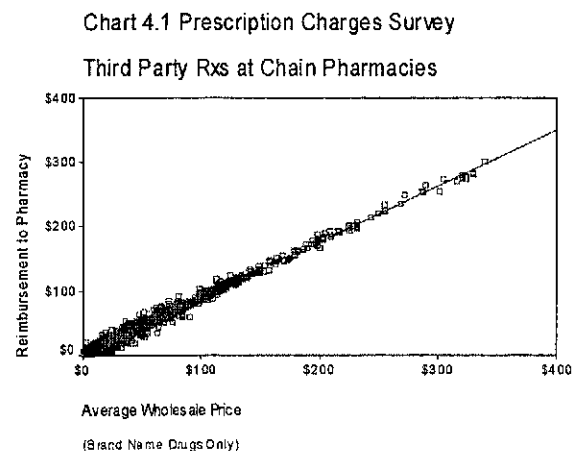
After the sample was edited for the above-mentioned quantity discrepancies, data from approximately 20,000 prescriptions was available for analysis.

## Analysis and Findings

### Reimbursement Paid by Other Payers

The data in the prescription charges survey made it possible to estimate the reimbursement paid by other third party payers and cash paying customers. Grouping the data by chain and independent pharmacies provided further refinements to the analysis.

In order to derive the typical reimbursement from other payers, a





bivariate statistical regression technique was utilized. This technique allowed us to use the reimbursement reported on the survey, and the known average wholesale price of the drug to estimate both the ingredient and dispensing reimbursement components of other third party payers and cash paying customers.

An example of this technique is shown in Chart 4.1. In this example, third party prescriptions at chain pharmacies were priced at the applicable AWP price and subjected to analytical procedures to identify statistical outliers. The ensuing data was plotted using the AWP price and the amount of reimbursement to the pharmacy. A linear regression was performed on the data resulting in the equation of a line that best fit the data points. The *slope* of the regression line, 0.872, provides an estimate for the average ingredient reimbursement for brand name drugs: AWP minus 12.8%. The *y-intercept* of the regression line, \$2.22, serves as an estimate for the average dispensing fee. As the graph indicates, there is some significant variability in the actual reimbursement both above and below the regression line. This is measured by the equation's *standard error of the estimate*, \$3.33. Results of this example and other subsets of the charge survey data are summarized in Table 4.1.

**Table 4.1 Regression Analysis of Reimbursement by Other Payers for Brand Name Drug Products**

Payer Type	Type of Pharmacy	Number of Prescriptions in the Sample	Estimated Ingredient Discount from AWP	Estimated Dispensing Fee	Standard Error of the Estimate
Third Party	Chain	3,849	12.8%	\$2.22	\$3.33
	Independent	2,540	7.4%	\$2.81	\$5.49
Cash	Chain	1,764	4.4%	\$5.12	\$5.95
	Independent	2,369	2.7%	\$5.81	\$6.38

This analysis indicated that chains are more likely to accept lower reimbursement from both third party and cash paying customers. The results of the analysis of third party payers is consistent with surveys of third party payer prescription reimbursement plans previously performed by Myers and Stauffer.



**Table 4.2 Regression Analysis of Reimbursement by Other Payers for Products with an FUL Price**

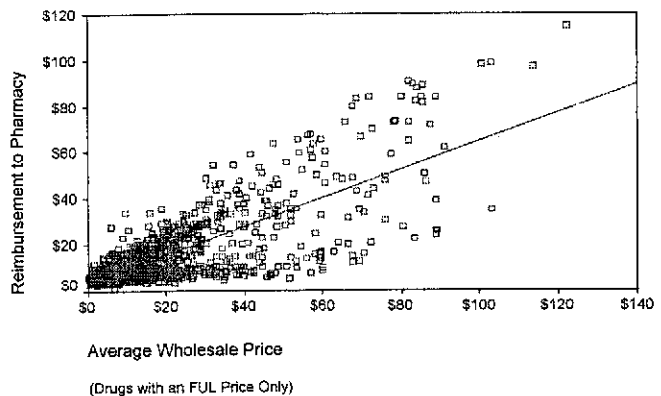
Payer Type	Type of Pharmacy	Number of Prescriptions in the Sample	Estimated Ingredient Discount from AWP	Estimated Dispensing Fee	Standard Error of the Estimate
Third Party	Chain	2,008	57.7%	\$4.17	\$7.28
	Independent	1,358	38.3%	\$3.35	\$9.18
Cash	Chain	1,287	55.0%	\$6.99	\$6.54
	Independent	1,930	33.9%	\$8.41	\$7.59

(Results are shown for drug products with an FUL price only)

A similar analysis on generic products that had a Federal Upper Limit price (see Table 4.2) revealed higher variation of reimbursement. Accordingly, estimates of the average reimbursement for these types of products are less conclusive. One measure of the reliability of the estimate produced by these statistical techniques is the *correlation coefficient* of the bivariate data. This coefficient measures the relationship between two properties on a scale between 0 and 100% where 100% indicates a perfect linear relationship. For brand name products, the correlation coefficient from our analysis was 95% or higher. For other products, the correlation coefficient was much lower, ranging from 55% to 64%. An example of this greater variability is demonstrated in Chart 4.2. In this example, the data suggests that more varied reimbursement systems are used by third party payers for these products with an FUL price.

Chart 4.2 Prescription Charges Survey

Third Party Rx's at Independent Pharmacies



### Calculation of Average Gross Margin

The prescription charges data was also used to analyze the typical gross margin. The actual acquisition cost of all drugs in the survey was not known, however, using the results of our survey of acquisition costs (see Chapter 5) the acquisition cost of brand name drugs could be estimated with relative accuracy. The acquisition cost of generic drugs was similarly estimated, but it should be noted that they tend to have a greater degree of variability in their actual acquisition cost as compared to the AWP price. This is especially true of generic products that have an FUL price. See Appendix C.

The results obtained from our analysis are summarized in Table 4.3.

**Table 4.3 Average Gross Margin**

Type of Drug	Payer Type	Number of Prescriptions in the Sample	Average Selling Price	Average Estimated Acquisition Cost	Average Gross Margin
Brand	Third Party	3,642	\$48.82	\$42.83	\$5.99
	Cash	1,970	\$45.31	\$33.53	\$11.79
Generic	Third Party	4,951	\$16.02	\$9.19	\$6.83
	Cash	4,119	\$18.32	\$7.57	\$10.75
<b>ALL</b>	<b>ALL</b>	<b>14,682</b>	<b>\$28.73</b>	<b>\$20.35</b>	<b>\$8.39</b>

*(Excludes pharmacies that provided I.V. prescriptions)*

There was a significant disparity noted in the average gross margin for cash paying customers and third party payers. This is despite the fact that the average selling price for brand name prescriptions was less for cash paying customers than for third party customers. Cash payers without the benefit of a third party prescription plan appear to be less likely to purchase the more expensive brand name prescriptions. Although generic products have a lower average selling price than brand name products, gross margins for generic products tended to be higher.

### **Conclusions About Gross Margin**

Based on the prescription charges survey, it appears that third party payers (excluding Medicaid) are not allowing for any margin on their dispensing fees. In fact, dispensing fees paid by most third party payers are set at levels well below the dispensing cost for most pharmacies. Margins are still realized on third party prescriptions, however, due to the level of ingredient reimbursement.

The ingredients in the average Medicaid prescription are reimbursed at approximately \$29.50 (based on an analysis of Louisiana Medicaid pharmacy utilization for calendar year 1998). Acquisition cost for the same average Medicaid prescription is approximately \$26.75. It follows that a pharmacy will realize a margin of \$2.75 on ingredients for this average Medicaid prescription. The current dispensing fee of \$5.77 also includes a margin on dispensing for most pharmacies.

Chapter

5

## **SURVEY OF ACQUISITION COSTS**

### **Methodology**

The state's fiscal agent, UNISYS, provided Myers and Stauffer a summary of the pharmacy program's utilization by drug product. From this summary, a list of the top 300 brand name and top 300 multi-source drug products ranked by total reimbursement for the calendar year ending December 31, 1998, was created. The drug summary file included the following price information for each drug product for the sample months of May and November 1998:

- The AWP
- The FUL price (if applicable)
- The LMAC price (if applicable)

The file also contained the following data elements summarizing utilization for each drug product:

- Number of prescriptions
- Number of units
- Dollar amount reimbursed

As summarized in the table below, the 600 drug products analyzed represent approximately 70% of the drugs reimbursed by Louisiana Medicaid.

**Table 5.1 Utilization Overview for Drugs in Sample**

<b>Drug Classification</b>	<b>Total Program Reimbursement</b>	<b>Sample of 600 Reimbursement</b>	<b>Percent of Total Program Reimbursement</b>
Brand Name Products	\$244,434,501	\$194,819,560	79.7%
Multi-Source Products	110,745,486	53,301,452	48.1%
<b>Total</b>	<b>\$355,179,537</b>	<b>\$248,121,012</b>	<b>69.9%</b>

The Medicaid pharmacy provider population included 1,188 pharmacies. Prior to sample selection, we excluded from the population those providers whose annual Medicaid volume (by number of prescriptions) was below the 10<sup>th</sup> percentile of all providers. The remaining 1,009 active pharmacy providers dispensed more than 656 Medicaid prescriptions annually. Myers and Stauffer randomly selected a sample of 50 pharmacies from this reduced population to participate in the acquisition cost survey.

The Department requested that the selected providers copy drug purchase invoices covering a one-month period. One-half of the sampled provider pharmacies were requested to send invoices from May 1998 and the other half from November 1998. Pharmacy providers were requested to submit invoices for drug purchases from both wholesalers and manufacturers.

Although 49 pharmacies submitted invoices, only 43 were received within the project reporting timeline and included in the analysis. To insure the sample of 43 pharmacies used in the analysis was not biased, the characteristics of the pharmacies were subjected to statistical analysis, including  $\chi^2$  (chi square) tests. Pharmacy characteristics are summarized in the following table.

**Table 5.2 Sample Pharmacy Characteristics**

<b>Pharmacy Trait</b>	<b>EAC Study Eligible Population</b>	<b>Pharmacies Included in EAC Analysis</b>
Number of Pharmacies	1,009	43
Average Annual Medicaid Volume	10,146	9,471
Medicaid Volume Standard Deviation	12,174	10,375
Percent Chain	46.8%	46.5%
Percent Urban	67.3%	69.8%

For the traits listed above, the sample of 43 pharmacies was representative of the population of Louisiana Medicaid provider pharmacies.

Invoices for direct purchases from manufacturers were not received from all providers. The reasons for non-submittal could be any of the following:

- No direct purchases were made during the sample month
- The provider does not purchase directly from manufacturers
- The provider simply did not submit them

The low amount of direct purchase invoices received from Louisiana providers is consistent with what has been received during previous pharmacy acquisition cost studies in other states.

Many chain pharmacies operate a product warehouse that acts as a storage and distribution center for member chain stores and often operates as a profit center. Many of the chains submitted internally generated invoices for their drug purchases. The prices on these internal invoices reflected the warehouse cost of drugs and generally not true arms-length transactions. Although these invoices may include legitimate warehousing operational costs, they may also include a profit factor.

Prior experience with various chain organizations indicates that many of these organizations receive rebates on their drug purchases, as do independent pharmacies that participate in buying groups. However, no rebates were noted on the invoices received.

From the invoices received, the drug purchase date, NDC number, drug name, strength, package size, quantity purchased, and extended price paid were entered into a database. The database was reviewed and edited, eliminating data entry errors. Data from 15,113 line items (representing purchases of approximately \$2.0 million) was matched to the list of the 600 drugs. Acquisition cost data for 550 of the 600 sample drugs is included in the study.

## **Analysis and Findings**

Invoice drug purchases were separated into the brand name and multi-source categories for analysis. These two groups have distinctly different purchase discounts from AWP. Discounts for brand name drug products were generally smaller than discounts for multi-source products. Additionally, the range of discounts for brand name products was smaller than the range exhibited by multi-source products.

The analysis of acquisition cost focused on two areas:

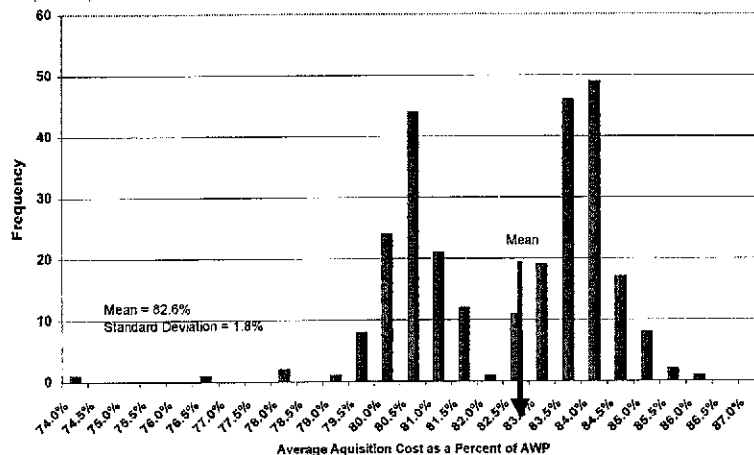
- Distribution of discount by drug product
- Distribution of discount by pharmacy

## Brand Name Drug Products

The following observations resulted from our analysis of the acquisition cost of brand name drugs:

- For the 43 pharmacies in the sample, discounts from AWP ranged from 15.0% to 20.3%. The average discount from AWP was 17.0%, with a standard deviation of 1.5% (see Exhibit 14).
- The distribution of pharmacy discounts from AWP was tri-modal in nature with pharmacies clustering around the 15% to 16%, 17% to 18% and 19% to 21% ranges. For 78% (18 out of 23) of the independent pharmacies, the average discount from AWP was in the narrow range of 15.0% to 17.0%.
- Of the 300 brand-name drugs included in the study, 268 drug products were matched to three or more purchases. Of these 268 products, average discounts from AWP ranged from 13.9% to 25.8% with an average discount of 17.4% (see Chart 3.1 and Exhibit 15).
- The distribution of discounts from AWP for brand name drug products was bi-modal with concentrations of products near the 19% to 20% and 16% to 17% ranges. Although many drugs of all types fell into each of these ranges, the mode with higher discounts included a greater concentration of cardiovascular drugs. Examples include various forms of Procardia, Vasotec, Norvasc, and Cardura. The mode at the 16% to 17% range included a greater concentration of drugs with central nervous system applications. Examples here include forms of Prozac, Zyprexa, Paxil, and Risperdal. This range also includes several forms of Prilosec, a peptic acid-reducing drug that costs the program approximately \$9.8 million annually.

Chart 3.1 Acquisition Cost by Drug Product  
Brand Name Drug Products  
(Limited to products with three or more observations from the invoice data.)



## Multi-Source Drug Products

Although multi-source drug products are an important part of the Medicaid drug program, they account for a much smaller portion of program

expenditures than brand name products. Table 5.3 summarizes findings for multi-source products. A more in-depth treatment of multi-source product acquisition cost is included as an appendix.

**Table 5.3 Multi-Source Drug Product Acquisition Cost Findings**

<b>Average Acquisition Cost as a Percent of Given Price Type</b>			
<b>Price Type</b>	<b>Products without an FUL Price</b>	<b>Products with an FUL Price</b>	<b>Products with an LMAC Price</b>
AWP	67.4%	30.4%	34.6%
FUL	-	60.3%	
LMAC	-	-	41.4%

### **Analysis of Pharmacy and Wholesaler Characteristics**

In addition to analyzing the distribution of the acquisition cost of drugs by pharmacy and individual product, other characteristics were examined to determine statistical significance. These characteristics include:

- Use of internal versus external wholesale distribution.
- Chain versus independent pharmacy affiliation.
- Urban versus rural pharmacy location.
- Wholesale purchases versus direct purchases from a manufacturer.

For many of these characteristics, limiting the analysis to brand name drug products was preferable because of the wide variation in acquisition cost of multi-source products. A wide variation in cost can make apparent differences statistically insignificant. It also is reasonable to limit some analyses to brand name products because Louisiana expends a high proportion of its drug budget on prescriptions for these products.

In the following tables 5.4 through 5.8, findings are expressed in terms of *confidence intervals*. Through this statistical technique, recognition is given to the fact that the data available in this analysis represents only a sample of the total population. However, characteristics of the data, such as standard deviation and sample size, enable a reasonable prediction of the range in which the true population average lies.

#### **1) Internal Versus External Wholesale Invoices**

Of the 43 pharmacies in the sample, 20 were chain pharmacies. As mentioned earlier, many of the drug purchases for these stores were shown on internally generated invoices. Of the 20 chain stores, 13 submitted internally produced



invoices. These internal invoices lack the reliability of external invoices produced by actual arms-length transactions.

An analysis to determine the difference in acquisition cost between the internal and external invoices is best accomplished through a *t*-test (a concept similar to a test of whether or not the two confidence intervals overlap).

**Table 5.4 External Versus Internal Invoices**

Type of Invoice	Number of Observations	95% Confidence Interval: Average Acquisition Cost as a Percent of AWP	
		Lower Bound	Upper Bound
External Wholesalers	6,394	83.0%	83.2%
Internal Wholesalers	4,231	82.6%	82.8%

*Note: Observations are for Brand Name Drug Products Only*

In this case, the difference between internal and external wholesalers (with internal invoices averaging lower acquisition costs) is statistically significant at the 5% level of significance (for purchases of brand name drug products).

## 2) Chain Versus Independent Pharmacy Affiliation

The difference in acquisition cost between chain and independent pharmacies was also found to be significant for brand name drug products. Chain pharmacies had average acquisition costs for brand-name drugs lower than their independent counterparts.

**Table 5.5 Chain Versus Independent Pharmacies**

Type of Pharmacy	Number of Stores in Sample	95% Confidence Interval: Average Acquisition Cost as a Percent of AWP	
		Lower Bound	Upper Bound
Independent	23	83.2%	84.0%
Chain	20	81.5%	82.9%

*Note: Observations are for Brand Name Drug Products Only*

## 3) Urban Versus Rural Pharmacy Location

Myers and Stauffer used the zip code of each pharmacy to determine if it was located in a Metropolitan Statistical Area as used by HCFA. The pharmacy's location in an urban or rural area was found not to be significant (for brand name drug products at the 5% level of significance).



**Table 5.6 Urban Versus Rural Location**

Location of Pharmacy	Number of Stores in Sample	95% Confidence Interval: Average Acquisition Cost as a Percent of AWP	
		Lower Bound	Upper Bound
Urban	30	82.4%	83.0%
Rural	13	82.8%	84.6%

*Note: Observations are for Brand Name Drug Products Only*

It should be noted that the conclusion of statistical significance does not imply a causal relationship. In fact, the three traits summarized above (internal versus external invoices, chain versus independent, and urban versus rural) were often overlapping. For example, only chain pharmacies have internal invoices, and of the 20 chain stores, all but one was in an urban location.

#### 4) Wholesale Purchases Versus Purchases Direct from the Manufacturer

We observed very few instances of purchases direct from the manufacturer. Only 54 such purchases were matched to the list of 600 drugs. Of these, eight purchases were for multi-source drug products, and 46 were for brand name drug products.

**Table 5.7 Manufacturer Versus Wholesaler Purchases**

Type of Purchase	Number of Observations	95% Confidence Interval: Average Acquisition Cost as a Percent of AWP	
		Lower Bound	Upper Bound
Direct from Manufacturer	46	80.7%	81.7%
Through Wholesaler	10,579	83.0%	83.0%

*Note: Observations are for Brand Name Drug Products Only*

Again, the use of a *t*-test leads to the conclusion that the difference in acquisition cost is statistically significant (at the 5% level of significance), but this finding is based on a relatively small number of direct purchases.

#### Analysis of Drug Characteristics

Attention was also given to certain characteristics of drug products to determine possible effects on acquisition cost. Traits analyzed were:

- Drug classification.
- Designation of a drug as a controlled substance (i.e. a “schedule” drug).

### 1) Drug Classification

Discounts for brand name drugs were arrayed by their classification as assigned by the Food and Drug Administration to determine if the drugs' use played a role in determining the acquisition cost.

**Table 5.8 Acquisition Cost by Drug Classification**

Drug Classification	Number of Observations	95% Confidence Interval: Average Acquisition Cost as a Percent of AWP	
		Lower Bound	Upper Bound
Otics	21	80.0%	80.0%
Ophthalmics	280	81.3%	81.7%
Neurologics	281	81.9%	82.7%
Cardiovascular/Renal	1,680	82.2%	82.4%
Hormones/Hormone Mechanisms	888	82.3%	82.5%
Central Nervous System	1,327	82.4%	82.6%
Antimicrobials	1,325	82.4%	82.6%
Metabolics/Nutrients	825	82.5%	82.7%
Respiratory Tract	1,248	82.7%	82.9%
Relief of Pain	757	82.7%	82.9%
Skin/Mucous Membranes	539	82.9%	83.1%
Gastrointestinals	814	82.9%	83.1%
Hematologics	99	82.9%	83.5%
Immunologics	13	83.4%	83.8%
Unclassified/Miscellaneous	528	80.8%	81.8%

*Note: Observations are for Brand Name Drug Products Only*

Although some of the differences in acquisition cost between drug classification are statistically significant, the breakdown of discounts by classification primarily serves to reinforce the conclusion that discounts for brand name drug products are almost universally available and consistent. **We did not find any class of drugs for which discounts from the AWP were not available.**

### 2) “Schedule” Drugs

Some drugs on the state's formulary are classified as “schedule” drugs by the Controlled Substances Act. Although these drugs are currently accepted for medical use, their abuse may lead to physical or psychological dependence. We

were able to match invoice data with 35 schedule drugs. The level of discount from AWP for these drugs was consistent with other non-schedule drugs. In fact, the only true delineating factor observed was whether the schedule drugs were brand or multi-source products (see Exhibit 16 for a detailed listing of schedule drugs).

**Table 5.9 Acquisition Cost for Schedule Drugs**

		95% Confidence Interval: Average Acquisition Cost as a Percent of AWP	
Drug Type	Number of Schedule Drug Products	Lower Bound	Upper Bound
Brand	6	81.4%	84.6%
Multi-source	29	45.4%	62.8%

### Probability Distribution Analysis

The acquisition cost study was performed using a representative sample of 43 pharmacies from a total population of over 1,100 Louisiana Medicaid pharmacy providers. Acquisition cost as a percent of AWP for brand-name drug products is consistent among providers and drug products. Based on our prior experience, it also was consistent with our observations in other states. The low variance in the sample of 43 pharmacies allows us to draw conclusions regarding average acquisition cost from the sample and project them to the population of Medicaid pharmacy providers.

Earlier comments on the acquisition cost of brand name products focused on two significant distributions:

- Acquisition cost by drug product
- Acquisition cost by pharmacy

If the distribution of acquisition costs for the entire population of pharmacy providers and drug products can be assumed to have a normal distribution, then certain estimations can be made about the entire population. (The Central Limit Theorem of statistics suggests that for sufficiently large numbers of samples, the sample mean will be distributed *approximately* normal.) The most meaningful estimations include:

- The percent of pharmacies which may be unable to obtain a certain level of discount.
- The percent of drugs which may have an acquisition cost higher than a specified level.

These estimates are summarized in the following table and refer only to brand name drug products.

**Table 5.10 Probability Distribution for Brand Name Drugs**

Level of Acquisition Cost	Estimated Percent of Pharmacies with a Higher Average Acquisition Cost	Estimated Percent of Brand Name Drug Products with a Higher Average Acquisition Cost
89.5%	0.0%	0.0%
88%	0.1%	0.2%
87%	0.4%	0.8%
86%	2.5%	3.1%
85%	9.4%	9.3%
84%	25.3%	21.8%

Additionally, based on the low variance exhibited by brand-name drugs, a relatively small confidence interval exists for the mean acquisition cost. The true mean acquisition cost for the *entire population* is unknown and cannot reasonably be determined since surveying the entire pharmacy population would be cumbersome if not impossible. However, the sample mean and standard deviation allows certain conclusions to be made about the population mean. For the 43 pharmacies in the sample, the mean of each store's average acquisition cost as a percent of AWP was 83.0% with a standard deviation of 1.5%. A 99% confidence interval for the mean ranges from 82.4% to 83.6%. This means that for *any* random sample taken from the population, we would expect the sample mean to fall in the confidence interval range 99% of the time.

### **Fiscal Impact Analysis**

If the Department chooses to reduce its reimbursement for drug ingredient cost, the change will produce fiscal savings. Attempting to model these fiscal impacts is possible to do at a rough level using the summary data available to Myers and Stauffer.

It is significant to note that the actual fiscal impact will be affected to some degree by the regulation limiting reimbursement to the lesser of the provider's usual and customary charge or the amount allowed by the program's formula. The effects of these regulations can be observed only at the detail claim level. The lack of detail claims data makes it extremely difficult to model the impact of a reimbursement rate change. Should the Department choose to lower ingredient reimbursement, the level of savings from the lesser of charges logic will possibly decrease. This

could cause significant reductions from projected savings. The fiscal impact model presented here should, in fact, be considered a model of the change in the payment level allowed by the program's reimbursement formula. It does not include a projection of the change in payment level due to the effects of the lesser of customary charges regulation.

**Table 5.11 Fiscal Impact Analysis**

<b>Ingredient Reimbursement Level</b>	<b>Annual Estimated Savings (in millions)</b>	<b>Percent of Total Pharmacy Expenditures</b>
AWP – 12%	4.7	1.3%
AWP – 13%	7.9	2.1%
AWP – 14%	11.0	3.0%
AWP – 15%	14.1	3.8%
AWP – 16%	17.3	4.7%

## Chapter

## 6

## Summary of Findings

### Dispensing Fee

A central component of this study is to determine the cost of filling a prescription in the state of Louisiana. Various measures of central tendency were described in Chapter 3. **Statistically, the best estimate of the overall average total cost of filling a prescription is the median cost weighted by Medicaid prescriptions. The weighted median adjusted to June 1999 is \$5.07.** The median dispensing cost weighted by total prescription volume is \$5.03.

Other significant findings from the study include:

- No association was found between dispensing cost and unit-dose packaging, or other measures of long term care dispensing activity.
- No significant difference was found between the dispensing costs of urban versus rural pharmacies.
- No significant difference was found between the dispensing costs of independent and chain pharmacies.

**Findings from this study clearly indicate that at the current dispensing fee of \$5.77, the Medicaid program covers all dispensing costs for a significant majority of providers (adjusted for inflation<sup>10</sup> to June 30, 1999), as well as allowing for a margin on the dispensing portion of total reimbursement.**

### Ingredient Acquisition Cost

The overall average discount from AWP for the 300 brand name drugs in our sample was found to be 17.4%, with discounts on individual drug products ranging from 13.9% to 25.8% of AWP.

<sup>10</sup> The trend factor used for this adjustment is the Southern Region Consumer Price Index (CPI). Use of the non-adjusted CPI tends to overstate the true increase in costs and therefore is a conservative (i.e. generous) inflation adjustment.

The average pharmacy in the ingredient cost sample received a discount of 17.0% from AWP for brand name drugs. The range of discounts observed for individual pharmacies 15.0% to 20.3% of AWP. The variation in observed discounts between pharmacies is the result of both variations in the mix of drugs purchased and variations in pricing.

**The study found that the differential in ingredient cost between independent and chain pharmacies is statistically significant.** The use of a differential reimbursement rate that recognizes this lower acquisition cost enjoyed by chain pharmacies can be supported by empirical data. Use of a differential reimbursement formula may allow the Department to maximize participation by pharmacies, while achieving average reimbursement rates that are closer to actual acquisition costs than the AWP less 10.5% formula that was previously used.

Although chain stores averaged lower acquisition costs, findings from this study show that **all pharmacies in the sample – both chain stores and independents - had an average purchase discount of 15% or more of AWP for the sampled drugs.**

The findings of the study indicate that a reasonable reimbursement rate for brand drug ingredient costs would fall between the current 10.5% discount and an upper limit of about 15%. An ingredient cost reimbursement formula of AWP less 15% would be possible and would result in payments above cost in most cases (average acquisition costs were found to be AWP less 17.4%). There were a few drugs in the study which were purchased at a discount that was lower than 15%.

Within the range of reasonable ingredient reimbursement formulas we have identified, the findings support the implementation of a "tiered" reimbursement rate for independent and chain pharmacies. This means that chain pharmacies would receive a lower rate for ingredient portion of the reimbursement for prescriptions, recognizing their lower acquisition costs.



## Appendix A. Overview of Regression Analysis

Several analyses were conducted to identify potential correlation between pharmacy dispensing cost and certain pharmacy traits. These analyses used a multivariate stepwise linear regression technique. Using this approach, it is possible to control for factors known to affect dispensing cost, and at the same time test for the significance of any affect on dispensing cost caused by other traits. This approach allows for a more robust analysis of the potential influence of pharmacy characteristics on dispensing cost than can be achieved by *t*-tests alone. The traits that were used in the analysis included:

- Prescription sales volume.
- Prescription sales ratio.
- Type of location.
- Unit dose delivery systems.
- Long term care facility services.
- Delivery service.
- Level and percent of Medicaid volume.
- Total Prescription Volume.
- Type of ownership.
- Pharmacy building ownership.
- Geographic location.
- Provision of I.V. services.
- Hours open.
- Length of operation at location.
- Percent of prescriptions dispensed paid by third party payers.
- Type of affiliation.

The attributes which proved to be the most significant were:

- Total prescription volume.
- Provision of I.V. services.
- Provision of delivery service.

The relationship between total prescription volume and dispensing was especially pronounced. The correlation coefficient for total pharmacy prescription costs and total prescription volume was 88% (excluding pharmacies that provided I.V. services). Linear regression methods indicate that the regression equation which

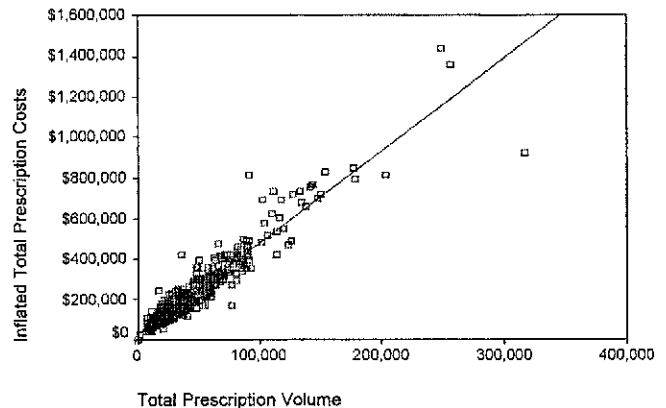
best describes the relationship of total prescription volume and total dispensing cost is:

$$\text{Total Costs (inflated)} = \$28,162 + 4.54 \times (\text{Total Prescription Volume})$$

This result implies that there are fixed costs of \$28,162 and variable costs of \$4.54 per prescription associated with the average pharmacy. The average total prescription volume for pharmacies in the sample was 47,231. For such a pharmacy, total prescription costs predicted by the equation are \$242,591, or \$5.14 per prescription. Clearly, for pharmacies with a high total prescription volume, fixed costs per prescription decrease. Conversely, low volume pharmacies have greater fixed costs per prescription.

Chart A-1

Relationship of Volume and Cost



## Appendix B. Summary of Pharmacy Attributes

A number of pharmacy attributes were collected on the cost survey. Many of these attributes were used during the review of the cost survey, and also allowed for an analysis of the variations in cost. In this Appendix, many of those attributes are summarized for informational purposes without any discussion as to their relationship to dispensing cost.

Attribute	Number of Pharmacies Responding Affirmatively	Average for Pharmacies Responding Affirmatively
Provision of Delivery Services	175	27.4% of Prescriptions
Provision of Delivery Services for Medicaid Recipients	168	36.0% of Prescriptions
Provision of Unit Dose Services	135	20.4% of prescriptions; 10.9% were purchased from manufacturers, 89.1% prepared in the pharmacy
Provision of Prescriptions to Nursing Homes	154	17.4% of Prescriptions
Provision of I.V. Services	28	6% of sales (Many pharmacies were unable to provide information regarding sales volume attributed to I.V. prescriptions. Several stores had significant I.V. volume)
Provision of 24 Hour Emergency Services	206	N/A
Provision of Cognitive Services	330	110 minutes per day
Use of Inventory Management Services	60	Average Fee: \$3,827
Use of Parenteral Enteral Franchise	3	N/A

Attribute	Number of Pharmacies Responding Affirmatively	Average for Pharmacies Responding Affirmatively
Value of Prescription Inventory	301	\$126,463
Hours Open Per Week	403	67.3 Hours
Years Open at Current Location	397	17.0 Years
Type of Billing System	384	254 use POS systems, 66 use Electronic Media Capture, 62 use both POS and EMC, and 2 use manual systems
POS Fees	208	\$0.097 per Third Party Transaction
Percent of Generic Prescriptions Dispensed	358	47%
Percent of Third Party Prescriptions	396	70.3%

## Appendix C. Acquisition Cost of Multi-Source Drugs

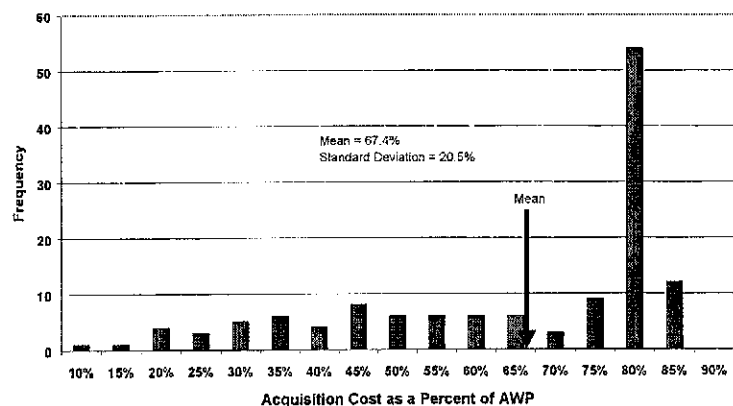
For analysis purposes, multi-source drug products were grouped in two categories: drugs with an FUL price and drugs without an FUL price. The distributions of acquisition cost for these two groups are significantly different. Many multi-source drugs are reimbursed under the lower of three pricing methodologies: EAC, FUL or LMAC. Therefore, acquisition cost was calculated as a percentage of AWP, the FUL, and the LMAC, where applicable.

### 1) Multi-Source Drug Products with No FUL Prices

In general, the discounts for multi-source products without federal upper limits are similar to those of brand name drugs. However, there are a significant number of products purchased at discounts much greater than the 15% to 20% range observed for brand-name drugs. Our analysis resulted in the following findings:

- Only 40 of the 43 pharmacies in the sample had purchases of three or more multi-source drugs (with no FUL) – those drugs included on the top 300 multi-source list.
- Of the 300 multi-source drugs, 134 drug products that did not have an FUL price were matched with three or more purchase line items. Of these 134 products, the average discount from AWP ranged from 11.4% to 88.1% with an average discount of 32.6%. See Chart A-1 and Exhibit 18.
- Many drug products fell in the 15% to 20% discount range (similar to brand name drugs) with smaller numbers of drugs having discounts from AWP as high as 89%. There were twelve drug products observed with acquisition cost exceeding 85% of AWP. Examples of these products include Imdur, and multiple forms of Dilacor and Zestril. These drugs are all brand name products for which generically equivalent versions are also available. The annual volume for these twelve drugs was approximately \$2.8 million. In theory, the program formulary can encourage providers to dispense prescriptions for these drugs (more economically), using a generic equivalent substitution for the drug. An LMAC may be set to encourage this substitution or an incentive

Chart A-1 Acquisition Cost by Drug Product  
Multi-Source Drug Products without an FUL Price  
(Limited to products with three or more observations from the invoice data.)



for dispensing generic equivalents may be offered by the program. A physician may designate the brand version to be "medically necessary." In such a case, the provider may bill and receive payment for the brand name drug at the EAC rate of AWP minus 10.5% (overriding the FUL or LMAL); however, those cases should be somewhat rare.

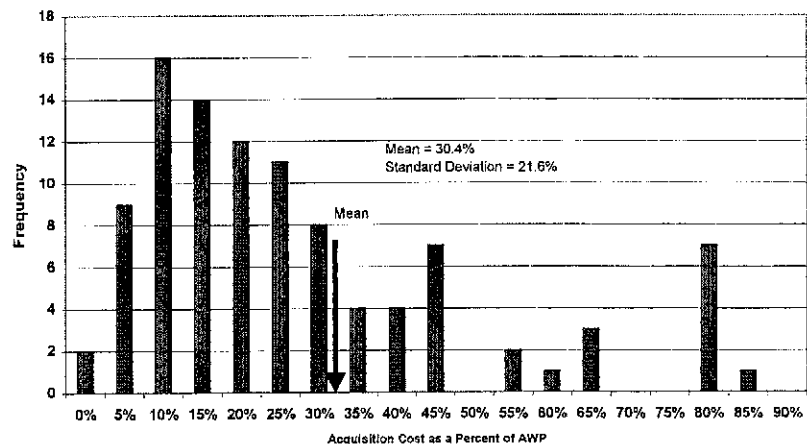
## 2) Multi-Source Drug Products with FUL Prices

The acquisition costs of multi-source drug products with an FUL price are distributed in a significantly different manner from multi-source products without an FUL. Observations based on analysis of these acquisition costs follow:

- 41 stores had purchases of three or more multi-source drugs (with FUL) during the sample month that matched one of the top 300 multi-source drugs. The average discount from AWP for the 41 stores ranged from 50.5 to 81.8%. The average discount was 72.9% (see Exhibit 19).

- There were 101 drug products matched with three or more purchase line items. Average discounts from AWP for the 101 products ranged from 12.8% to 96.3% with an average discount of 69.6%. See Chart A-2 and Exhibit 20.

Chart A-2 Acquisition Cost by Drug Product  
Multi-Source Drug Products with an FUL Price  
(Limited to products with three or more observations from the invoice data.)



- The average discount from AWP for most of these multi-source drugs was in the 70% to 90% range. There was a small cluster of products in the range 20% and lower. Less expensive generic versions of brand-name products such as Zantac, Ritalin, and Tegretol are available. Annual volume of the multi-source products with a cost exceeding 85% of AWP was approximately \$100,000.
- The acquisition cost of these multi-source products was also analyzed as a percentage of their FUL price. The following findings resulted from that analysis:

- For the 41 pharmacies with three or more observations, average acquisition cost as a percent of the FUL price ranged from 30.1% to 135.3% with an average acquisition cost of 56.2%.
- The average acquisition cost as a percent of FUL exceeded 100% for two pharmacies. However, the average of these pharmacies was calculated on a relatively low number of observations (four and seven). The averages were highly skewed by purchases of brand name products for which generic alternatives are available.
- For individual drug products, average acquisition cost as a percent of the FUL ranged from 11.7% to 436%, with an average acquisition cost of 60.3%.
- The acquisition cost for most of these multi-source was in the 40% to 60% range. A small number of products fell in the range of 100% or higher (see Chart A-3). Less expensive generic versions are available for brand name products such as Zantac, Depakene, and Tegretol. In theory, these products should only be dispensed to Medicaid patients on occasions when a physician has indicated that the brand name product is "medically necessary." **In those instances, the product would be reimbursed using the EAC rate, not the FUL.** There were also several forms of Ritalin in this category including one version of its generic equivalent, methylphenidate. Annual volume of these multi-source products exceeding 100% of FUL was approximately \$1.8 million.

#### Effectiveness of FUL and LMAC Prices

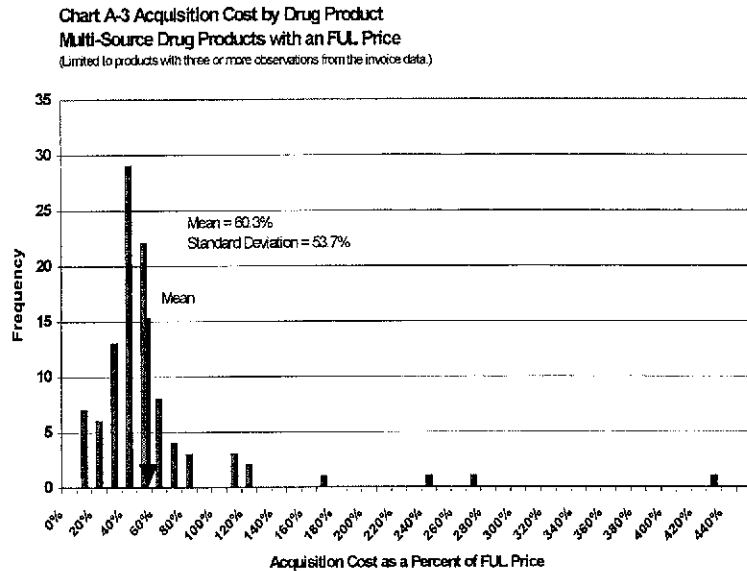
As a cost saving measure, the pharmacy program currently reimburses the lesser of the Estimated Acquisition Cost (EAC – currently AWP minus 10.5%), FUL, or LMAC prices.

For calendar year 1998, approximately \$40.3 million in savings was obtained by reimbursing the FUL price instead of the EAC price. The various forms of albuterol, ranitidine, and alprazolam account for the largest amount of savings.

Utilization of LMAC prices also produces savings, however, to a much lesser degree than the FUL prices. LMAC prices are available for over 10,000 products, but most of the 10,000 products have an FUL price that is lower than the LMAC price. Reductions in payments due to reimbursing LMAC prices is estimated to be approximately \$975,000. Drug products with significant savings include chlorpromazine and cefadroxil.



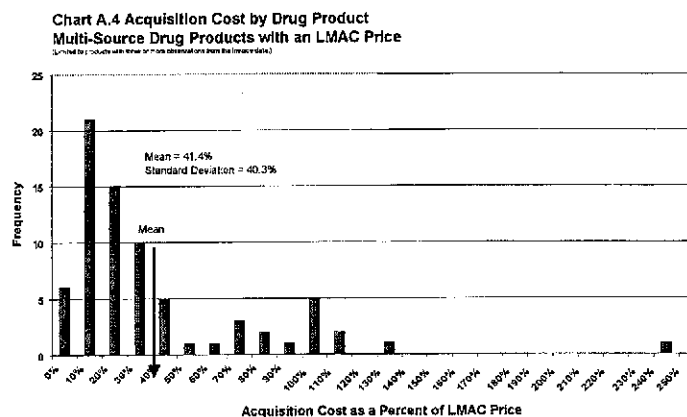
- The analysis of drugs as a percent of their FUL price indicates examples where an LMAC price may be appropriate to produce cost savings beyond the level of the FUL price. For example, six versions of ranitidine (the generic form of Zantac) had an average acquisition cost of 11% to 25% of the FUL price. Annual reimbursement these six products was \$2.4 million. A state upper limit on products such as these could produce significant savings.



### 3) Multi-Source Drugs with an LMAC Price

The analysis of multi-source drugs included examining the acquisition cost of drugs as a percent of the LMAC price. The following observations were made:

- For the 41 pharmacies with three or more observations, acquisition cost as a percent of the LMAC price ranged from 16.8% to 56.5%. The average acquisition cost was 31.2%.
- 74 drug products with a LMAC price were matched to three or more purchases. Of these 74 products, average acquisition cost as a percent of the LMAC price ranged from 7.4% to 248% with an average acquisition cost of 41.4%. See Chart A-4 and Exhibit 21.
- The acquisition cost as a percentage of the LMAC for most of these multi-source products was in the 10% to 40% range. There was a small cluster of



products whose acquisition cost exceeded 100% of the LMAC price. Similar to drugs with FUL prices, generic versions are available for brand name products such as Lanoxin, Ritalin, Depakene and Tegretol. Annual volume of the multi-source products exceeding 100% of the LMAC price was approximately \$2.0 million.

## **Table of Exhibits**

Exhibit 1	Louisiana Medicaid Pharmacy Cost Report
Exhibit 2	Louisiana Medicaid Pharmacy Cost Report Instructions
Exhibit 3	Initial Letter from Myers and Stauffer for Dispensing Cost Survey to Independent Pharmacies
Exhibit 4	Initial Letter from Myers and Stauffer for Dispensing Cost Survey to Chain Pharmacies
Exhibit 5	Initial Letter from Department of Health and Hospitals for Dispensing Cost Survey
Exhibit 6	Letter from the Louisiana Pharmacists Association
Exhibit 7	Informational Meeting Flyer
Exhibit 8	Follow-up Letter from Myers and Stauffer
Exhibit 9	Example of a Request for Additional Information
Exhibit 10	Field Examination Program
Exhibit 11	Summary of Field Examination Findings
Exhibit 12	Calculation of Container Cost per Prescription
Exhibit 13	Table of Inflation Factors
Exhibit 14	Average Discount from AWP by Pharmacy – Brand Name Drug Products
Exhibit 15	Acquisition Cost Summary – Brand Name Drug Products
Exhibit 16	Acquisition Cost of Schedule Drugs
Exhibit 17	Average Discount from AWP by Pharmacy – Multi-Source Drug Products without an FUL Price
Exhibit 18	Acquisition Cost Summary – Multi-Source Drug Products without an FUL Price
Exhibit 19	Average Discount from AWP by Pharmacy – Multi-Source Drug Products with an FUL Price
Exhibit 20	Acquisition Cost Summary – Multi-Source Drug Products with an FUL Price
Exhibit 21	Acquisition Cost Summary – Multi-Source Drug Products with an LMAC Price
Exhibit 22	Acquisition Cost Summary - Multi-Source Drug Products without an FUL or LMAC Price

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Agency Use Only

Exhibit 1

# Louisiana Medicaid Pharmacy Cost Report

Louisiana Medicaid  
Provider Number

Survey Forms by Myers and Stauffer LC  
Certified Public Accountants  
4123 SW Gage Center Drive, Suite 200  
Topeka, Kansas 66604

Under Contract with the Louisiana Department of Health and Hospitals  
Bureau of Health Services Financing

**ROUND ALL AMOUNTS TO NEAREST DOLLAR OR WHOLE NUMBER.**

Please complete and return by March 15, 1999

Instructions are enclosed. Please call toll-free (800) 255-2309 if you are having difficulty completing this report.

Name of Pharmacy \_\_\_\_\_ Telephone No. ( ) \_\_\_\_\_

Street Address \_\_\_\_\_

City \_\_\_\_\_ County \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

## DECLARATION BY OWNER AND PREPARER

I declare that I have examined this cost report including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, complete, and in agreement with the related Books or Federal Income Tax Return, except as explained in the Reconciliation. Declaration of preparer (other than owner) is based on all information of which preparer has any knowledge.

Your Signature	Print/Type Name	Title/Position	Date
Preparer's Signature (other than owner)		Title/Position	Date
Preparer's Street Address	City and State	Zip	Phone Number

## SECTION IA--PHARMACY ATTRIBUTES

- (a) Type of Ownership:  
 1. ☐ Individual    2. ☐ Corporation    3. ☐ Partnership    4. ☐ Not-for-Profit    5. ☐ Institutional    6. ☐ Other (specify) \_\_\_\_\_
- (b) Location:  
 1. ☐ Medical Office Building    2. ☐ Shopping Center    3. ☐ Separate or downtown    4. ☐ Other (specify) \_\_\_\_\_
- (c) Ownership Affiliation:  
 1. ☐ Independent (1-4 Units)    2. ☐ Chain Unit (5 - 14 Units)    3. ☐ Chain Unit (15 or More Units)
- (d) Do you dispense in anything other than traditional packaging to long-term care facilities?  
 1. ☐ Full 24-hour unit dose  
 2. ☐ Modified unit dose (Bingo cards)  
 3. ☐ Both  
 4. ☐ No unit dose
- What is the approximate percent of prescriptions dispensed in unit dose packaging? \_\_\_\_\_
- (e) If you checked box 1, 2, or 3 of (d), what percent of the unit dose prescription packaging is:  
 1. Purchased from manufacturers \_\_\_\_\_  
 2. Prepared in the pharmacy \_\_\_\_\_
- (f) Check if you own your building.....☐
- (g) What percent of total prescriptions filled are delivered? \_\_\_\_\_  
 What percent of Medicaid prescriptions filled are delivered? \_\_\_\_\_

## Survey Forms by Myers and Stauffer LC Certified Public Accountants

- (h) Are you presently providing home IV or infusion therapies and/or enteral nutrition therapy? ☐ Yes ☐ No  
If yes, what is the amount of your sales for those Rx's? \_\_\_\_\_
- (i) How many hours per week is your pharmacy open? \_\_\_\_\_
- (j) What is the approximate percentage of the total number of prescriptions dispensed that is third party Rx, including Medicaid Rx? \_\_\_\_\_
- (k) List the total number of all prescriptions dispensed during the fiscal year as follows:  
New \_\_\_\_\_ Refill \_\_\_\_\_ Total \_\_\_\_\_  
(See Instructions)
- (l) How many years has a pharmacy operated at this location? \_\_\_\_\_
- (m) What is the approximate percent of your prescriptions dispensed to nursing home residents? \_\_\_\_\_
- (n) Does your pharmacy dispense parenteral enteral products through a franchise with another entity? ☐ Yes ☐ No  
If yes, does this other entity maintain the pharmacy inventory? ☐ Yes ☐ No
- (o) Please estimate the number of generic prescriptions dispensed during the fiscal year. \_\_\_\_\_
- (p) What is the amount of interest expense included on line 14 that is for prescription drug purchases and/or prescription drug inventory? \_\_\_\_\_  
If none, please record zero.  
What was the value of the prescription drug inventory at the end of the fiscal year? \_\_\_\_\_
- (q) Do you contract with an inventory management company? ☐ Yes ☐ No  
If so, please report the amount of your drug inventory management fees during the fiscal year of the cost report. \_\_\_\_\_
- (r) Do you provide 24-hour emergency services for pharmaceuticals? ☐ Yes ☐ No
- (s) Please report the amount of your point of sale transaction fees expenses during the fiscal year of the cost report. \_\_\_\_\_
- (t) Do your pharmacists provide cognitive (consultation) services? ☐ Yes ☐ No  
If so, please estimate the number of minutes per day spent by pharmacists providing cognitive services in excess of the cognitive services required by OBRA 90 \_\_\_\_\_
- (u) Please check the type of billing system your pharmacy uses for Medicaid fee reimbursement:  
1. Point of Sale  
2. Electronic Media Capture (EMC)  
3. Point of Sale and/or Electronic Media Capture (EMC)  
4. Manual (non-automated)

### Section IB -- OTHER INFORMATION

Please list any additional information you feel contributes significantly to your cost of filling a prescription. Also, if you have a significant amount of non-retail sales of drugs at cost, please note the amount and if it is included in line (1), column (1) on page 3.

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# **Survey Forms by Myers and Stauffer LC** **Certified Public Accountants**

ROUND ALL AMOUNTS TO NEAREST DOLLAR OR WHOLE NUMBER.

## **SECTION IIA -- SALES AND FLOOR SPACE**

	Prescription Drugs Only	Total Store Including Prescription Drugs	Line No.
Sales (Excluding Sales Tax)	_____	_____	(1)
Cost of Goods Sold	_____	_____	(2)
Floor Space (Retail area only). Please measure. <b>Do not estimate.</b>	_____ Sq. Ft.	_____ Sq. Ft.	(3)

## **SECTION IIB -- OVERHEAD EXPENSES**

Complete this section by referring to the line numbers in the left columns that correspond to federal income tax return lines.

The following information is from tax/fiscal year ending..... / ..... / ..... (4)

1997, 1998

Tax Form Number

1040C	1065	1120	1120S		Total Expense	Agency Use Only	Line No.
13	16a	20	14a	Depreciation (This fiscal year only -- not accumulated).....	_____	_____	(5)
23	14	17	12	Taxes (a) Personal Property Taxes Paid.....	_____	_____	(6)
				(b) Real Estate Taxes.....	_____	_____	(7)
				(c) Payroll Taxes.....	_____	_____	(7a)
				(d) Sales Taxes.....	_____	_____	(7b)
				(e) State Income Tax (Corporations Only).....	_____	_____	(8)
				(f) Any other taxes, specify each type and amount.....	_____	_____	(9)
20b	13	16	11	Rent (a) Building Rent (See Instructions) .....	_____	_____	(10)
20a	13	16	11	(b) Equipment and Other.....	_____	_____	(11)
21	11	14	9	Repairs.....	_____	_____	(12)
15	20	26	19	Insurance (a) Workers Compensation and Employee Medical.....	_____	_____	(13a)
				(b) Other.....	_____	_____	(13b)
16a&b	15	18	13	Interest.....	_____	_____	(14)
17	20	26	19	Legal and Professional Fees.....	_____	_____	(15)
27	20	26	19	Dues and Publications -- Rx Department.....	_____	_____	(16)
27	20	26	19	-- Other.....	_____	_____	(17)
9	12	15	10	Bad Debts (This fiscal year only -- not accumulated).....	_____	_____	(18)
		19		Charitable Contributions (Corporations Only).....	_____	_____	(19)
25	20	26	19	Telephone.....	_____	_____	(20)
25	20	26	19	Heat, Water, Lights, and other Utilities (Sewer & Trash).....	_____	_____	(21)
18&22	20	26	19	Operating and Office Supplies (Exclude Rx containers and labels).....	_____	_____	(22)
8	20	23	16	Advertising.....	_____	_____	(23)
27	20	26	19	Rx Computer Expenses (See Instructions).....	_____	_____	(24)
27	20	26	19	Rx Delivery Expenses (See Instructions).....	_____	_____	(25)
27	20	26	19	Rx Containers and Labels (See Instructions).....	_____	_____	(26)
Var	18+	24+	17+	Other Expenses not included elsewhere (attach schedule if necessary)	_____	_____	(27)
	19+	25+	18+	Specify each item and corresponding amount: .....	_____	_____	(28)
	20	26	19	.....	_____	_____	(29)
				Total Overhead Expenses [Add Line (5) through Line (29)].....	_____	_____	(30)

**Survey Forms by Myers and Stauffer LC**  
**Certified Public Accountants**

SECTION IIC ---PERSONNEL COSTS---List each person separately (except Line 44). Attach schedule if necessary.

	Check If RPh/PD	Estimate Percent of Prescriptions Dispensed By Each RPh/PD	Annual Salaries and/or Drawings	AGENCY USE ONLY	No. Weeks Employed This Fiscal Year	Average Weekly Hours Total Store Including Rx Dept.	Rx Dept. Related Duties Only	Line No.
Owners, Individual Proprietors, Partners, & Stockholders.....								(31)
								(32)
								(33)
Employee and Relief Pharmacists.....								(34)
								(35)
								(36)
								(37)
Interns.....								(38)
Total:		100%						(38a)
Rx Delivery	XXX	XXXXXXXXXX						(39)
Other Employee with Time..... In Rx Dept. (Including Rx Technicians)	XXX	XXXXXXXXXX						(40)
	XXX	XXXXXXXXXX						(41)
	XXX	XXXXXXXXXX						(42)
	XXX	XXXXXXXXXX						(43)
ALL NON-Rx EMPLOYEES.....	XXX	XXXXXXXXXX			XXXXXX	XXXXXX	XXXXXX	(44)
TOTALS.....								(45)

SECTION IID ---RECONCILIATION WITH TAX RETURN (or Books if multistate operation)

1997, 1998  
TAX FORM NUMBER

1040C	1065	1120	1120S		Column 1 Cost Report Amounts	Column 2 Books or Tax Return Amounts	
28	21	27	20	Total Expenses per Tax Return/Books (Circle one used).....			(46)
				Enter Amount from Line (30).....			(47)
				Enter Amount from Line (45).....			(48)
				Total Expenses per this Cost Report [Add Lines (47) and (48)].....			(49)
				Specify Items with Amounts That Are on Cost Report But Not on Tax Return ( or books) .....			(50)
				.....			(51)
				Specify Items with Amounts That Are on Tax Return (or Books) But Not on This Cost Report .....			(52)
				.....			(53)
				Total [Add Lines (46) - (53)] Column Totals Should be Equal.....			(54)



## Certified Public Accountants

## SECTION III---LOUISIANA PHARMACY PRESCRIPTION CHARGES SURVEY

**Survey Forms by Myers and Stauffer LC  
Certified Public Accountants**

# Louisiana Medicaid Pharmacy Cost Report

Page 1  
(2/99)

Survey Forms by Myers and Stauffer LC  
 Certified Public Accountants  
 4123 SW Gage Center Drive, Suite 200  
 Topeka, Kansas 66604  
 800-255-2309

Under Contract with the Louisiana Department of Health and Hospitals  
 Bureau of Health Services Financing

**PURPOSE:** The purpose of this survey is to determine the cost of dispensing prescriptions in the State of Louisiana.

## WHO MUST FILE

Except for the following, all pharmacies that are Louisiana Medicaid providers should file this cost report:

- Pharmacies that dispense less than 500 Medicaid prescription claims annually
- New pharmacies that were in business less than six months during the reporting period
- Pharmacies with a change of ownership that resulted in less than six months in business during the reporting period

If your pharmacy meets one of the exceptions listed above, please check the box next to the explanation describing your business, sign your name, and return only this page in the enclosed envelope.

LA Medicaid Provider Number

Provider Name

Signature of Owner

## GENERAL INSTRUCTIONS

If any assistance is needed in completing this survey, please call toll-free (800) 255-2309. Please complete these forms using your most recent fiscal year ending on or before December 31, 1998 and return them by March 15, 1999. Most retail pharmacies can complete these survey forms by using their most recent federal income tax return. Most expense items requested can be transferred directly from a line on the tax return to a line on the cost report. Line reference numbers of four tax forms are listed on the left side of the cost report. Simply locate the column for your tax form. If you prefer, send us a copy of your income tax return (Form 1065, 1120, 1120S, or Schedule C of Form 1040 including supporting schedules) or your financial statements and we will complete the overhead expenses, Section IIB, Page 3 and Section IID, Page 4, for you. You will still need to fill in the remaining sections of the cost report. If you send a copy of your tax return, please identify any expenses that are 100% Rx-Department expenses such as continuing education, and identify any expenses that are totally non-Rx Department expenses such as fountain expenses, etc. By sending any of these tax forms, you will not be providing us with any information other than that requested if you completed the survey yourself. We will destroy the tax forms after entering the information on the survey. Please remember to round all amounts to the nearest dollar or whole number.

### Retail Chain Pharmacies

Expenses incurred by chain pharmacies such as administration, central operating, or other general expenses should be allocated to individual units. Warehousing expenses must be either separately identified or included in cost of goods sold. Methods of allocation must be reasonable and conform to generally accepted accounting principles. Please explain any allocation procedures used. Allocated costs should be clearly identified and entered on lines 27, 28 and/or 29.

## SECTION IA --- PHARMACY ATTRIBUTES

The information gathered from your answers to these questions will be analyzed to determine its relationship to your cost of dispensing a prescription. You may have to provide estimates for some answers; please estimate as carefully and accurately as possible.

**Line (k) --- Prescriptions Dispensed.** Please report the total number of all prescriptions filled during the fiscal year of the costs reported on pages 3 and 4 of this cost report. This information may be kept on a daily or monthly log or on your computer. If you keep no record of the number of prescriptions you fill, the amount may be estimated using the following method. (1) Often your Rx numbering system may be used to estimate new Rx's. Subtract the Rx number of the first prescription filled in your fiscal year from the Rx number of the last prescription filled. (2) Take a sample over several days showing the number of refill prescriptions and new prescriptions. Divide the number of refills by the number of new prescriptions in your sample. Multiply that amount times the number of new prescriptions determined in (1) above to estimate the number of refill prescriptions for your fiscal year.

**SECTION IIA --- SALES AND FLOOR SPACE**

**Please list total store sales excluding sales tax.** Total store sales and cost of goods sold are shown on the federal income tax return. If there is no separate record of prescription drug sales, estimate it as accurately as possible. Sales of prescription drug items **should not include nonprescription OTCs, durable medical equipment, or other nonprescription items.** One method to estimate sales of prescription drug items is to use your sales tax return. Subtract an estimate of your sales of "medically related items" (items other than prescription drugs) from the amount on line 28 of the Louisiana sales tax return (R-1029). The remaining amount will be an estimate of sales of prescription drug items. If Rx cost of goods sold is not readily available, leave that line blank.

Since **floor space** will be used in allocating expenses, accuracy is important. When measuring the total store, include only the retail area and exclude any storage area, i.e., basement, attic, off-the-premises areas, or freight in-out areas. When measuring the Prescription Department, exclude patient waiting area and prescription-related office. These should be included in total store area. A factor is added to the Prescription Department area to account for both waiting and office space.

**SECTION IIB --- OVERHEAD EXPENSES [TAX RETURN MAY BE SUBSTITUTED.]**

Overhead costs reported on the cost report must be resulting from arms-length transactions between nonrelated parties. Related parties include, but are not limited to, those related by family, by business or financial association, and by common ownership or control. **The most common non-arms-length transaction involves rental of property between related parties. The only allowable expense of such transactions for cost determination purposes would be the actual costs of ownership (depreciation, taxes, interest, etc., for the store area only). The rental amount will be disallowed. Please show this as a reconciling item in Section IID.**

**Line (6) & (7) ---** Include only personal property taxes or real estate taxes paid on property used in this pharmacy's business.

**Line (7a)---** Include the employer's share of FICA and Medicare taxes, and state and federal unemployment taxes.

**Line (10) ---** Include only rent that applies to the store. **Report only rental expense incurred by transactions between nonrelated parties. See the first paragraph of this section for expenses allowed in lieu of rent paid to a related party.**

**Line (22)---** Include office and operating supplies. If prescription containers and labels are included in your supplies, please exclude them from this line and show them on line 26.

**Line (24) --- Rx Computer Expenses.** Include expenses for a computer that is used **only in the Rx Department** here. **These expenses should not be duplicated on any other line.** If your computer is used by other departments of the pharmacy, do not enter anything on this line and enter those expenses on line (29).

**Line (25) --- Rx Delivery Expenses.** If you deliver **Rx items only**, include expenses paid for your delivery vehicle here, including expenses paid to a delivery service for delivery of Rx items. **These expenses should not be duplicated on any other line.** If your delivery vehicle is used by other departments of the pharmacy or for miscellaneous purposes, do not enter anything on this line and enter those expenses on line (29).

**Line (26) --- Rx Containers and Labels.** The cost of prescription containers and labels should be included here if separately identified as an "Other Expense" on your federal income tax return. If you did not claim this as a separate deduction on your federal income tax return and if your accounting records are such that this figure is difficult to determine, leave this line blank. An allowance will be made for Rx containers and labels based on your prescription volume.

**Lines (27)-(29) ---** On these lines identify any non-labor expenses not already included on your cost report but listed as other deductions on your federal income tax return. **Identify each item and the amount**, rather than labeling all such expenses as "miscellaneous." **If you wish, you may simply attach the schedule from your federal return which lists these expenses.** Please clearly label any items that are 100% Rx-related, such as pharmacist continuing education, or that are 100% non-Rx-related, such as fountain operation expenses.

**SECTION IIC --- PERSONNEL COSTS [LINES (31)-(45)]**

**Lines (31)-(38) --- "Percent of Prescriptions Dispensed."** Please provide your best estimate of the percentage of prescriptions dispensed by each pharmacist. Notice: This column must total line 38a (100%).

**Lines (31)-(43) --- "Average Weekly Hours."** You may not have detailed records of where each employee worked; however, please provide your best estimate of an average or "typical" week. Column 6 should show average number of hours the employee worked per week. Column 7 should show the average number of hours per week spent performing Rx-related duties. Rx-related duties are defined as time spent filling prescriptions as well as doing the related administrative work, including ordering and stocking prescription ingredients, taking inventory, maintaining prescription files and delivering prescriptions. **Pharmacists providing consultation to long-term care facilities should be identified and listed separately. Any revenue received for those consultation services should be noted in Section IB, page 2.**

**Lines (31)-(33) --- "Owners."** For purposes of this study, an employee who is a stockholder in the pharmacy is considered an "Owner." All individual proprietors, partners, or stockholders should list their total drawings and/or salaries for the year. Do not show net profit as the owner's salary but only **actual drawings or salary**. For those owners who took no salary or drawings, show zero to indicate you have not overlooked this line. A salary will be allocated based on time and/or prescriptions dispensed.

**Lines (39)-(43 ) --- Rx Technicians, nonprofessional, clerical, and delivery personnel who perform Rx-related duties should be listed.**

**Line (44) --- "All Non-Rx Employees."** List total salaries for all employees who spend **no time** in Rx-related duties.


## SECTION IID --- RECONCILIATION WITH BOOKS OR FEDERAL INCOME TAX RETURN

The purpose of this reconciliation is to ensure that all expenses have been included and that none have been duplicated. For example, pharmacies operating as sole proprietors will normally need to list owner's salaries, drawings, and benefits as a reconciling item. Other examples of reconciling items are the 50% meals deduction, rent paid to related party, etc.

## SECTION III --- PHARMACY PRESCRIPTION CHARGES SURVEY

List the appropriate information for the first **50 NEW** prescriptions dispensed on the first working day after the date shown in the box in the upper left corner of the survey form. If 50 new prescriptions were not dispensed on that day, list the first new prescriptions dispensed on the following day(s) until 50 are listed. Do not list Medicaid, compounded, or OTC prescriptions. Skip these and proceed to the next prescription. All other new prescriptions must be listed including loss leaders, **non-Medicaid third party paid prescriptions**, special rates, sale prices, and controlled substances. **Actual selling price shown should be the amount received for the prescription. The selling price for third party prescriptions should be shown as the amount received from the third party plus any co-pay collected from the patient.** If preferred, you may send a computer generated drug listing. Please ensure all required data is included on the computer generated listing and identify any special codes used on the listing, i.e., MA for Medicaid.

**NOTE:** For quantity filled, report the unit of issue used when requesting Medicaid prescription reimbursement.



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# Myers and Stauffer<sub>LC</sub>

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Certified Public Accountants

February 11, 1999

TO: Louisiana Pharmacies

As part of the on-going process of Medicaid fee determination, the Louisiana Department of Health and Hospitals, Bureau of Health Services Financing, has contracted with our firm to conduct a survey of costs of dispensing prescriptions in Louisiana. All Louisiana pharmacy providers are required to participate in the Louisiana pharmacy cost survey. We have conducted pharmacy cost surveys in thirteen other states and are looking forward to working with pharmacies in the state of Louisiana.

Enclosed are copies of the Louisiana Pharmacy Cost Report forms and instructions. We encourage you to read the instructions. Please submit the completed forms directly to us by March 15, 1999. If your tax return has not been completed for your most current fiscal year, please file a cost report using your prior year's tax return and the corresponding prescription data for that year. The data will be adjusted for inflation. Please retain a copy of the completed survey forms for your records.

For your convenience, we offer to complete a portion of the survey for you. You may send us a copy of your business federal income tax return (Forms 1065, 1120, 1120S, or Schedule C of Form 1040 and accompanying schedules). All tax returns will be used in strict confidence and destroyed after the data is entered. You will still need to complete the following cost report sections:

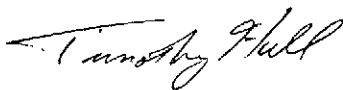
- 1) Page 1, Page 2
- 2) Page 3 Line 1, column 1 - prescription sales  
Line 3, columns 1 and 2 - prescription area and total store area
- 3) Page 4 Personnel Costs - Complete Lines 31 - 45, all columns
- 4) Section III, Pharmacy Prescription Charges Survey

All information submitted on your report will be held in confidence. Each report will be assigned a 4-digit identification number to protect the confidentiality of ownership information. Access to this information will be limited to members of our firm.

It is very important that all pharmacies cooperate by filing an accurate cost report. Reports generated from this survey may be used as a basis for determining future professional fees paid under the Title XIX (Medicaid) program.


If you have any questions, please call Allan Hansen toll free at 1-800-255-2309. Your cooperation in providing the information for this survey is greatly appreciated.

Sincerely,



Tim Hull  
Project Manager





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# Myers and Stauffer<sub>LC</sub>

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Certified Public Accountants

February 11, 1999

TO: Louisiana Chain Pharmacies

As part of the on-going process of Medicaid fee determination, the Louisiana Department of Health and Hospitals, Bureau of Health Services Financing, has contracted with our firm to conduct a survey of costs of dispensing prescriptions in the State of Louisiana. We have conducted pharmacy cost surveys in thirteen other states and are looking forward to working with pharmacies in the state of Louisiana.

All Louisiana pharmacy providers are required to participate in the Louisiana pharmacy cost survey. Enclosed is a listing of the names and addresses of your Louisiana pharmacies as shown on the Louisiana Department of Health and Hospitals records. If this list is inaccurate or incomplete, please notify us.

Enclosed are copies of the Louisiana Pharmacy Cost Report forms and instructions for each of your stores. We encourage you to read the instructions. Please submit the completed forms directly to us by March 15, 1999, and retain a copy of the completed survey forms for your records.

If you prefer, send individual income statements for each store and we will enter this information on the survey forms. You will still need to complete the following cost report sections:

- 1) Page 1, Page 2
- 2) Page 3 Line 1, column 1 - prescription sales  
Line 3, columns 1 and 2 - prescription area and total store area
- 3) Page 4 Personnel Costs - Complete Lines 31 - 45, all columns
- 4) Section III, Pharmacy Prescription Charges Survey

Please describe any cost allocations used in preparing the income statement such as administrative expense, et cetera. Warehousing costs should be shown in cost of goods sold or listed separately.

All information submitted on your report will be held in confidence. Each report will be assigned a 4-digit identification number to protect the confidentiality of ownership information. Access to this information will be limited to members of our firm.

It is very important that all pharmacies cooperate by filing an accurate cost report. Reports generated from this survey may be used as a basis for determining future professional fees paid under the Title XIX (Medicaid) program.

If you have any questions, please call Allan Hansen toll free at 1-800-255-2309. Your cooperation in providing the information for this survey is greatly appreciated.

Sincerely,



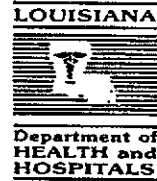
Tim Hull  
Project Manager





M. J. "Mike" Foster, Jr.  
GOVERNOR

STATE OF LOUISIANA  
DEPARTMENT OF HEALTH AND HOSPITALS



David W. Hood  
SECRETARY

February 11, 1999

RE: 1999 Dispensing Cost Survey

Dear Pharmacy Provider:

The Department of Health and Hospitals has contracted with the firm of Myers and Stauffer, Certified Public Accountants, to conduct its fourth dispensing cost survey. The last survey of pharmacy dispensing costs was conducted in 1994. Myers and Stauffer have extensive experience in performing pharmacy cost studies and analysis.


All pharmacies which are enrolled in Medicaid of Louisiana are required to participate in the survey process. **Should a provider fail to participate, the Bureau is required to terminate the provider from the program.** All providers which enroll or re-enroll in the Pharmacy Program will be required to complete a Dispensing Cost Survey.

The survey is designed to measure all costs associated with filling a prescription and will form a basis for reviewing the current dispensing fee.

To accomplish the amount of work which must be performed and to ensure an accurate and valid measurement of dispensing costs, all forms need to be completed and returned by the deadline listed in the dispensing cost survey packet to the firm of Myers and Stauffer. To assist you in completing the survey, a toll-free number is included in the instructions to the survey form. Myers and Stauffer will also be conducting meetings throughout the State to review the survey forms and provide technical assistance. The contractor and the Department guarantee the confidentiality of your response to the survey documents. The date, time and location of these meetings will be forwarded to you.

Your prompt and complete response is critical to the proper determination of dispensing cost and your continued enrollment in the Medicaid Program. Thank you for your cooperation.

Sincerely,

  
Thomas Collins  
Director

TC/MJT/wp



# Louisiana Pharmacists Association

P.O. Box 14446 Baton Rouge, Louisiana 70898-4446

(225) 926-2666

(225) 926-1020 Fax

## PRESIDENT

Angelo M. Rini, R.Ph.  
New Orleans, LA

February 1999

## PRESIDENT-ELECT

Wayne Camp, R.Ph.  
Baton Rouge, LA

Dear Louisiana Pharmacist:

## IMMEDIATE PAST PRESIDENT

Michaëlle Wolfe Scurto, R.Ph.  
Metairie, LA

The Department of Health and Hospitals has contracted with Myers and Stauffer, Certified Public Accounts, to conduct a survey of the costs associated with dispensing prescriptions.

## TREASURER

Donald Fellows, R.Ph.  
Hammond, LA

As an enrolled Louisiana Medicaid pharmacy provider, you have received a request for information designed by the accounting firm of Myers and Stauffer that will be used by the Department of Health and Hospitals to determine the cost of dispensing prescriptions.

## REGIONAL CHAIRS

### BAYOU REGION

C. J. Belina, R.Ph.  
Donaldsonville, LA

### CAPITAL AREA REGION

Simone Gunn, R.Ph.  
Baton Rouge, LA

### CENTRAL REGION

Mary McKay, R.Ph.  
Alexandria, LA

### NEW ORLEANS REGION

Mark Malouise, R.Ph.  
New Orleans, LA

### NORTHEAST REGION

Brenda Gager, R.Ph.  
Monroe, LA

### PONTCHARTRAIN REGION

George Muller, R.Ph.  
Lacombe, LA

### RED RIVER REGION

Francine Periman, R.Ph.  
Shreveport, LA

### SOUTHWESTERN REGION

Carla Juneau, R.Ph.  
Lake Charles, LA

As a Medicaid pharmacy provider, you are required to complete this survey accurately and completely. The timeliness of your response and the accuracy of your figures are extremely important and will serve as the basis for future negotiations.

In addition, a random sample of pharmacies will be selected to participate in an ingredient cost study. As a participant, you will be required to submit drug purchase invoices for brand and generic drug products. Please provide this information to the contractor in a timely manner in order for the analysis to be completed promptly.

Your participation and cooperation in completing the Dispensing Cost Survey is greatly appreciated.

## MEMBERS AT LARGE

Beraine Bourg, Jr., R.Ph.  
Baton Rouge, LA

Paul J. Breaux, R.Ph.  
Lafayette, LA

Allen W. Cassow, Jr., R.Ph.  
Jennings, LA

Rocky T. Guidry, R.Ph.  
Lake Charles, LA

Sandra LaBee, R.Ph.  
Lake Charles, LA

Kenneth Wilson, R.Ph.  
Monroe, LA

Sincerely,

Angelo M. Rini, P.D.  
President

## EXECUTIVE DIRECTOR

Chris LaBianca

# Medicaid Pharmacy Cost Survey Informational Meetings

The Louisiana Department of Health and Hospitals is conducting a Medicaid Pharmacy cost study. The study will give the Department better information regarding both the cost to acquire and the cost to dispense prescription medications to the Medicaid population.

The Department has retained Myers and Stauffer LC to conduct the cost study. Myers and Stauffer will be conducting informational meetings around the state. At

these meetings, pharmacists will hear more about the survey process, what data will be required, and will have a chance to ask questions about the survey itself.

**Participation in the dispensing fee survey is mandatory.** Every one is invited to attend one of these meetings. For more information, please call:

Allan Hansen  
Myers and Stauffer  
1-800-255-2309

## Schedule of Informational Meetings

City	Date	Time	Place
Shreveport	Thurs. Feb. 25	1:30-3:30 p.m.	Sheraton Shreveport Hotel 1419 E. 70 <sup>th</sup> Street
Monroe	Thurs. Feb. 25	6:30-8:30p.m.	Holiday Inn Civic Center 1051 Highway 165 Bypass
Alexandria	Fri. Feb. 26	12:00-2:00p.m.	Holiday Inn Convention Center 701 4 <sup>th</sup> Street
Lake Charles	Fri. Feb. 26	6:30-8:30 p.m.	Best Suites of America 401 Lakeshore Drive
Lafayette	Sat. Feb. 27	10:00 a.m. - 12:00 p.m.	Holiday Inn Central Holidome 2032 NE Evangeline Thruway
Houma	Mon. Mar. 1	12:00-2:00 p.m.	Holiday Inn Holidome 210 S. Hollywood Road
Hammond	Mon. Mar. 1	6:30-8:30 p.m.	Holiday Inn of Hammond Conference Center 2000 S. Morrison
New Orleans	Tue. Mar. 2	12:00-2:00 p.m.	Holiday Inn Superdome 330 Loyola Avenue
Baton Rouge	Tue. Mar. 2	6:30-8:30 p.m.	Embassy Suites 4914 Constitution Avenue

  
Myers and Stauffer LC  
Certified Public Accountants

# Myers and Stauffer<sub>LC</sub>

Certified Public Accountants

March 24, 1999

To: Louisiana Pharmacies

Recently you received a Louisiana Pharmacy Cost Report and a request that you complete and return it to us by March 15, 1999. The Louisiana Department of Health and Hospitals has designated participation in this survey as mandatory for all pharmacies enrolled in the Medicaid program. It is critical to obtain a maximum number of responses in order to ensure the validity of the survey. If you have returned the survey, please accept our thanks for your participation. If you have not yet completed the survey, please complete and return them to us no later than April 5, 1999.

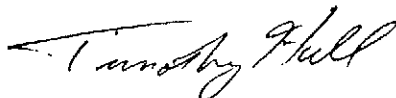
The pharmacy cost study was initiated by the Louisiana Department of Health and Hospitals for the purpose of determining the cost of filling a prescription. This is being done in accordance with state and federal regulations so that the Medicaid fee you receive may be adjusted by the Department to more accurately reflect the cost of the service you provide. Since the fairness and objectivity of the final results of this cost survey are directly related to the degree of response of the pharmacists in Louisiana, it is very much in your interest to participate in helping to set the Medicaid fee.

Be assured that the information you provide will be kept completely confidential. The only people with access to the individual surveys will be members of our firm.

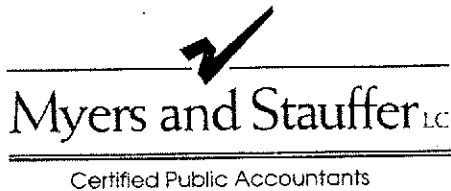
If you need assistance in completing the survey form, we are happy to help you in any way possible. Please telephone Allan Hansen at 1-800-255-2309 or write to the above address. If you have not received the survey forms or have misplaced them, please call and we will be glad to send the forms to you.

Thank you again for your cooperation and assistance.

Sincerely,



Timothy Hull  
Project Manager



4123 SW Gage Center Drive, Suite 200  
Topeka, Kansas 66604-1833  
(800) 255-2309  
(785) 228-6701 (fax)

May 10, 1999

0012345 / 1234  
SAMPLE PHARMACY  
100 MAIN STREET  
ANYTOWN, LA 12345

Attention Owner/Manager:

Myers and Stauffer is working under contract with the Louisiana Department of Health and Hospitals to conduct a survey of the cost of dispensing prescriptions for the Louisiana Medicaid program. After a preliminary review of the cost report you recently submitted, we have a few questions that will clarify the information you provided. Please answer the questions below and return this letter to us within one week. Make any necessary changes on the enclosed copy of your cost report and return with this form. A postage paid envelope is enclosed. If you have any questions, please call us toll free at (800) 255-2309. Thank you for your help and cooperation.

- 1) Please provide separate amounts for the following taxes that are included in your total tax expense of \$8,055 : real estate tax \_\_\_\_\_, personal property tax \_\_\_\_\_, sales tax \_\_\_\_\_, payroll taxes \_\_\_\_\_, other taxes \_\_\_\_\_.
- 2) Please complete/reconsider lines (31) - (38), page 4, 'Percent of Prescriptions Dispensed.' This should be the percentage of your total prescriptions that were dispensed by each pharmacist during the fiscal year of this report. The column total should be 100%. Per hours shown, the pharmacist on line 31 would fill 54% of the Rx's."
- 3) Please reconsider lines (31) - (44). As shown you have \$74,064 in non-prescription sales and \$68,056 in non Rx labor. Does anyone included on line 44 perform any Rx support duties such as delivery or ringing up prescription sales? If so they should be shown on lines (39) - (43).

**FIELD EXAMINATION PROGRAM FOR LOUISIANA PHARMACIES**

Pharmacy Name \_\_\_\_\_  
 Pharmacy Location \_\_\_\_\_  
 Survey Assigned No. \_\_\_\_\_

NOTE TO FIELD EXAMINER: Workpapers should be keyed to the related examination step. The scope of each step is determined by the circumstances of the examination and instructions given by the project coordinator and/or project manager. Clearly indicate any unresolved issues on each step. Reread and clarify workpapers before turning in file.

Work  
 Performed  
 By \_\_\_\_\_

## 1. ARRANGE EXAMINATION DATE

Contact the provider to determine an acceptable examination date. Records the provider should have include: 1) books and accounting records, and/or 2) tax return, 3) any worksheets used to prepare cost study, 4) prescription log sheets and files.

\_\_\_\_\_

## 2. RECONCILIATION

Complete a worksheet reconciling total expenses, sales, and cost of goods sold per cost study to such items per books and/or tax return.

\_\_\_\_\_

## 3. EXAMINATION OF EXPENSES

Trace in certain individual expense accounts to book or tax return and reconcile any differences. For chain stores determine how warehousing costs were handled on cost report as they should be part of cost of goods sold, and determine allocation procedures for central office costs.

\_\_\_\_\_

## 4. ALLOCATIONS - Verify the following:

A. Trace Rx and total sales to books, tax return, or prescription log (may be computerized). If there is no record of prescription sales, take a sample of 20 prescriptions from 5 days during each of 3 months and obtain an average selling price. Multiply this average selling price by total number of prescriptions for the year. The sample should be from fiscal year of the cost report.

\_\_\_\_\_

B. Floor space - MEASURE. DO NOT ESTIMATE.

\_\_\_\_\_

C. Labor - Review for reasonableness and inquire about specific duties if necessary.

\_\_\_\_\_



**FIELD EXAMINATION PROGRAM FOR LOUISIANA PHARMACIES**

Pharmacy Name \_\_\_\_\_

Pharmacy Location \_\_\_\_\_

Survey Assigned No. \_\_\_\_\_

Work  
Performed  
By \_\_\_\_\_

## 5. Rx VOLUME

NOTE: Regarding patient confidentiality, some pharmacists may question our authority to see patient records. If so, the pharmacist may read the data from the prescription.

A. Verify the number of Rx's through examination of Rx daily log sheets, Rx card files, or through computerized totals. If these are not available and prescriptions are in numerical order, subtract first prescription of year from the last prescription and estimate refills by taking a sample of two or more days each month. For each day determine the number of refills and calculate a ratio by comparing this amount to total prescriptions filled that day. There may be several sequences for different drug schedules.

B. Verify percent of prescriptions filled by owner pharmacist. A sample from the prescriptions file or a computerized listing may be used.

## 6. PRESCRIPTION CHARGES SURVEY

Trace every fifth item on sample survey to Rx Files to verify selling price, unit of issue (quantity), and drug name (or NDC number if listed). Determine reason for gaps in the listing of Rx numbers. Computerized listings of drugs dispenses may be used in lieu of searching the Rx files.

Determine whether the 3rd party prescription selling prices listed on the survey are the amount received or "usual and customary" prices. If they are the usual and customary price, obtain the amount received, if possible and practicable.

## 7. ADDITIONAL INFORMATION

Ensure that all questions raised in the desk review process have been answered.

## 8. EXIT INTERVIEW

Summarize findings with pharmacist. Take time to answer any questions.



## Summary of Field Examination Findings

### Louisiana Medicaid

Assigned Number	Exceptions and Comments	Dispensing Cost per Prescription		Increase/ (Decrease)
		Original	Revised	
1007	Number of prescriptions dispensed, area ratio	\$ 5.51	\$ 5.31	\$ (0.20)
1680	Number of prescriptions dispensed, area ratio, various overhead allocations	6.52	6.26	(0.26)
1941	Sales ratio	4.35	4.43	0.08
3702	Area ratio, various overhead and labor allocations	6.38	6.12	(0.26)
5364	Area ratio	6.21	6.25	0.04
5696	Area ratio, labor allocations	4.11	4.18	0.07
7289	Area ratio, labor allocations	4.86	4.54	(0.32)
7341	Number of prescriptions, various overhead and labor allocations	5.14	5.06	(0.08)
7695	Sales ratio, area ratio, number of prescriptions dispensed	5.75	5.84	0.09
7774	Area ratio	5.15	5.26	0.11
7974	Various overhead expenses	6.82	6.90	0.08
9044	Number of prescriptions dispensed, area ratio	6.03	5.93	(0.10)
9771	Area ratio	7.35	7.43	0.08
9918	Area ratio	5.48	5.46	(0.02)
6 stores	No change			0.00
Average Change per Pharmacy				\$ (0.03)
Standard Deviation				\$ 0.13
95% Confidence Interval for Average Change Due to Audit				
Lower Bound				\$ (0.09)
Upper Bound				\$ 0.02

# Calculation of Container Cost Per Rx Louisiana Medicaid

Container Type	Utilization	Cost	Extended
<b>Dry</b>			
6 dr.	5%	\$ 0.075	\$ 0.0038
8 dr.	20%	0.087	0.0174
12 dr.	25%	0.110	0.0275
16 dr.	15%	0.125	0.0187
20 dr.	15%	0.165	0.0248
30 dr.	10%	0.202	0.0202
40 dr.	5%	0.227	0.0114
60 dr.	5%	0.326	0.0163
			<b>\$ 0.1401</b>
<b>Liquid</b>			
2 oz.	10%	0.249	0.0249
3 oz.	5%	0.294	0.0147
4 oz.	60%	0.339	0.2036
6 oz.	10%	0.388	0.0388
8 oz.	10%	0.443	0.0443
12 oz.	3%	0.515	0.0129
16 oz.	3%	0.592	0.0148
			<b>\$ 0.3540</b>
<b>Dry</b>	0.1401	X 85%	= 0.119
<b>Liquid</b>	0.3540	X 15%	= <u>0.053</u>
Average Container Cost/Rx		=	0.173

# **Table of Inflation Factors for Dispensing Cost Survey Louisiana Medicaid**

<b>Fiscal Year</b>	<b>Midpoint</b>	<b>Midpoint</b>	<b>Terminal</b>	<b>Inflation</b>
<b>End Date</b>	<b>Date</b>	<b>Index</b>	<b>Month Index (June 30, 1999)</b>	<b>Factor</b>
12/31/1996	6/30/1996	154.0	161.7	1.050
1/31/1997	7/31/1996	154.0	161.7	1.050
3/31/1997	9/30/1996	154.5	161.7	1.047
6/30/1997	12/31/1996	155.1	161.7	1.043
7/31/1997	1/31/1997	155.7	161.7	1.039
8/31/1997	2/28/1997	156.1	161.7	1.036
9/30/1997	3/31/1997	156.5	161.7	1.033
10/31/1997	4/30/1997	156.7	161.7	1.032
11/30/1997	5/31/1997	156.6	161.7	1.033
12/31/1997	6/30/1997	157.0	161.7	1.030
1/31/1998	7/31/1997	157.0	161.7	1.030
2/28/1998	8/31/1997	157.1	161.7	1.029
3/31/1998	9/30/1997	157.5	161.7	1.027
4/30/1998	10/31/1997	157.8	161.7	1.025
5/31/1998	11/30/1997	157.8	161.7	1.025
6/30/1998	12/31/1997	157.3	161.7	1.028
7/31/1998	1/31/1998	157.6	161.7	1.026
8/31/1998	2/28/1998	157.8	161.7	1.025
9/30/1998	3/31/1998	158.2	161.7	1.022
10/31/1998	4/30/1998	158.5	161.7	1.020
11/30/1998	5/31/1998	158.8	161.7	1.018
12/31/1998	6/30/1998	159.1	161.7	1.016
1/31/1999	7/31/1998	159.3	161.7	1.015
1/27/1999	7/31/1998	159.3	161.7	1.015

Inflation indices were obtained from the Consumer Price Index, Southern Region, Urban Consumer, as published by the Bureau of Labor Statistics.

# Average Discount from AWP by Pharmacy Brand Name Drug Products

Exhibit 14

Assigned Number	Chain	Urban	Number of Observations	Average Acquisition Cost
A	B	C	D	E
7934		X	116	85.0%
3593	X	X	203	84.7%
7004	X	X	511	84.6%
6101	X	X	829	84.6%
8735		X	115	84.6%
5737		X	140	84.6%
0958			237	84.6%
0192			153	84.5%
5154	X	X	436	84.5%
4037			183	84.5%
3499		X	202	84.4%
8547		X	281	84.4%
0825			99	84.3%
2196			272	84.1%
3637			290	84.0%
8663			178	83.9%
4962		X	192	83.9%
2179			215	83.6%
6218			146	83.5%
2823		X	24	83.1%
5635		X	281	83.0%
0675			278	83.0%
1351	X	X	324	82.9%
6163			211	82.9%
8355	X	X	425	82.9%
9567	X	X	380	82.9%
5664	X	X	474	82.9%
7323		X	321	82.7%
5473	X		159	82.7%
2543			156	82.7%
1139	X	X	145	82.4%
9876		X	180	82.4%
3926	X	X	199	82.2%
3016	X	X	544	82.2%
9470	X	X	337	82.0%
1609	X	X	245	82.0%
7970	X	X	234	81.9%
4652	X	X	103	80.1%
0835	X	X	157	80.0%
5060	X	X	181	79.9%
3531	X	X	165	79.8%
6592	X	X	181	79.8%
6638		X	123	79.7%
Number of Stores				43
Average				83.0%
Standard Deviation				1.5%
Maximum				85.0%
Minimum				79.7%

## Explanation of Columns

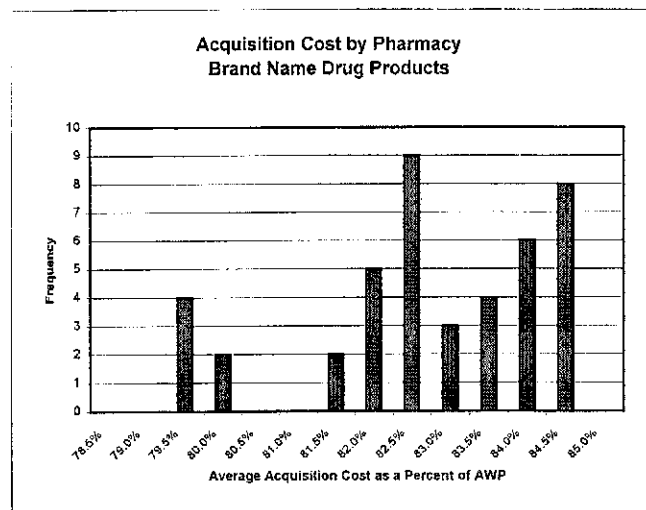
A. Random number assigned to pharmacy

B. An "X" in this column indicates that the pharmacy was part of a chain organization of more than 15 stores.

C. An "X" in this column indicates that the pharmacy is located in an urban area. Each pharmacy's zip code was used to determine the county in which it was located. Counties in a Metropolitan Statistical Area as used by the Health Care Finance Administration were considered urban.

D. Number of invoice line items that matched the list of 600 high volume drugs.

E. Average acquisition cost as a percent of AWP. The average for each pharmacy was weighted by Louisiana Medicaid volume.



**Acquisition Cost Summary**  
**Brand Name Drug Products**  
**Louisiana Medicaid**

NDC Number	Description	Number of Observations	Weighted Average	Raw Average	Standard Deviation	Average Actual Acquisition Cost	AWP	Number of Rxs	Reimbursed	Percent of Medicaid Volume
A	B	C	D	E	F	G	H	I	J	K
000310040260	ACCOLATE 20MG TABLET	58	84.0%	84.5%	1.3%	0.8021	0.95451	7,131	375,659	0.11%
00071053023	ACCUPRIL 10MG TABLET	37	84.1%	84.4%	1.5%	0.7992	0.94986	7,939	270,025	0.08%
00071053223	ACCUPRIL 20MG TABLET	70	84.3%	84.8%	1.5%	0.8007	0.94986	11,350	408,193	0.11%
00071053523	ACCUPRIL 40MG TABLET	54	84.4%	84.5%	1.4%	0.8014	0.94986	7,611	271,514	0.08%
00026884151	ADALAT CC 30MG TABLET SA	60	81.1%	81.0%	1.3%	0.8196	1.01091	12,709	416,533	0.12%
00026885151	ADALAT CC 60MG TABLET SA	57	80.8%	80.9%	1.7%	1.4057	1.73884	11,674	630,433	0.18%
00026886151	ADALAT CC 90MG TABLET SA	28	80.9%	80.8%	2.0%	1.6942	2.09526	5,637	347,237	0.10%
58521003201	ADDERALL 10MG TABLET	13	81.9%	82.0%	2.0%	0.4511	0.5508	6,840	216,460	0.06%
00456067299	AEROBID AEROSOL W/ADAPTER	23	83.5%	83.6%	1.3%	7.1123	8.52	3,629	217,897	0.06%
00088110247	ALLEGRA 60MG CAPSULE	95	84.1%	84.6%	1.3%	0.7554	0.8987	21,801	760,332	0.21%
00039010510	ALTACE 5MG CAPSULE	30	84.6%	84.8%	1.3%	0.7331	0.8664	6,216	202,015	0.06%
00039022310	AMARYL 4MG TABLET	37	85.2%	85.2%	1.9%	0.6122	0.7188	7,958	249,401	0.07%
00025542131	AMBIEN 10MG TABLET	72	84.3%	84.6%	1.8%	1.6025	1.90061	21,941	1,119,905	0.32%
00025540131	AMBIEN 5MG TABLET	40	84.3%	84.7%	2.5%	1.3023	1.54463	17,449	754,185	0.21%
62856024630	ARICEPT 10MG TABLET	37	78.3%	80.5%	2.6%	3.2147	4.10795	7,812	889,880	0.25%
62856024530	ARICEPT 5MG TABLET	51	79.6%	80.8%	2.5%	3.2692	4.10795	12,867	1,516,242	0.43%
00025141160	ARTHROTEC 50 TABLET EC	60	84.5%	84.5%	1.5%	1.1286	1.33614	7,753	510,277	0.14%
00025142160	ARTHROTEC 75 TABLET EC	85	84.6%	84.7%	2.0%	1.1344	1.34118	12,287	790,132	0.22%
00037024110	ASTELIN 137MCG NASAL SPRAY	41	84.5%	85.0%	1.9%	1.0758	1.27306	4,784	208,209	0.06%
00597008214	ATROVENT INHALER	84	84.0%	84.5%	1.3%	1.9993	2.37994	22,088	796,238	0.22%
00029608751	AUGMENTIN 200-28.5 SUSPEN	62	81.0%	81.3%	1.3%	0.2557	0.31582	19,366	661,985	0.19%
00029609022	AUGMENTIN 250-62.5 SUSPEN	14	81.0%	80.9%	0.8%	0.3323	0.41041	2,954	192,027	0.05%
00029609251	AUGMENTIN 400-57 SUSPEN	76	81.1%	81.5%	1.3%	0.4892	0.60306	18,768	1,142,782	0.32%
00029608012	AUGMENTIN 500-125 TABLET	107	80.8%	81.2%	1.3%	2.664	3.29531	14,717	954,380	0.27%
00029608612	AUGMENTIN 875-125 TABLET	80	80.8%	81.2%	1.2%	3.554	4.39839	10,143	779,094	0.22%
59627000103	AVONEX ADMIN PACK 30MCG VL	5	84.5%	84.5%	0.8%	179.915	213	431	342,447	0.10%
00002314460	AZID 150MG PULVULE	91	83.7%	83.9%	1.4%	1.3812	1.64966	21,626	1,500,631	0.42%
00075006037	AXMACORT INHALER	49	79.9%	80.5%	1.9%	1.993	2.49379	10,711	538,500	0.15%
00682300001	BACMIN TABLET	11	85.7%	85.8%	2.2%	0.1612	0.188	21,385	230,892	0.07%
00029152722	BACTROBAN 2% CREAM	32	80.8%	81.3%	1.4%	1.4037	1.73666	6,654	195,621	0.06%
00029152725	BACTROBAN 2% CREAM	23	81.5%	81.3%	1.6%	1.1992	1.47166	4,050	185,833	0.05%
00029152525	BACTROBAN 2% OINTMENT	43	80.3%	80.8%	1.3%	0.8932	1.11285	24,471	912,561	0.26%
00029152522	BACTROBAN 2% OINTMENT	98	81.3%	81.4%	1.3%	0.9843	1.21087	35,121	774,106	0.22%
00074316313	BIAXIN 125MG/5ML SUSPENSION	31	80.6%	81.2%	1.6%	0.2405	0.2983	9,015	290,130	0.08%
00074336860	BIAXIN 250MG TABLET	18	80.6%	80.9%	1.5%	2.6286	3.25968	5,027	316,416	0.09%

Exhibits\_eac.xls [All Brand Drug Exhibit]

Page 2 of 31

Myers and Stauffer LC

8/11/99

**Acquisition Cost Summary**  
**Brand Name Drug Products**  
**Louisiana Medicaid**

NDC Number	Description	Number of Observations	Weighted Average	Raw Average	Standard Deviation	Average Actual Acquisition Cost	AWP	Number of Rx's	Reimbursed	Percent of Medicaid Volume
A	B	C	D	E	F	G	H	I	J	K
00074318813	BIAXIN 250MG/5ML SUSPENSION	31	81.1%	81.4%	1.5%	0.4613	0.56845	6,834	399,890	0.11%
00074258660	BIAXIN 500MG TABLET	75	80.6%	81.1%	1.3%	2.626	3.25968	21,507	1,344,220	0.38%
00087081944	BUSPAR 10MG TABLET	4	81.7%	81.7%	3.1%	0.9459	1.15716	6,544	606,445	0.17%
00087081941	BUSPAR 10MG TABLET	50	83.3%	83.6%	1.4%	0.9918	1.19032	12,199	1,061,038	0.30%
00087082232	BUSPAR 15MG TABLET	54	84.0%	84.5%	1.5%	1.5153	1.80473	7,139	721,656	0.20%
00087081841	BUSPAR 5MG TABLET	15	84.0%	84.1%	1.2%	0.5734	0.68257	6,430	302,990	0.09%
00088170015	CARAFATE 1GM/10ML SUSP	26	85.0%	84.9%	1.4%	0.0702	0.0826	6,240	243,454	0.07%
00088179542	CARDIZEM CD 120MG CAP SA	22	84.2%	84.6%	1.4%	0.9778	1.16066	4,832	182,612	0.05%
00088179642	CARDIZEM CD 180MG CAP SA	33	84.0%	84.3%	1.4%	1.1769	1.40133	9,695	430,062	0.12%
00088179742	CARDIZEM CD 240MG CAP SA	52	83.8%	84.3%	1.2%	1.6666	1.988	12,165	741,022	0.21%
00088179730	CARDIZEM CD 240MG CAP SA	20	85.4%	85.6%	0.8%	1.6991	1.99	3,168	186,571	0.05%
00088179842	CARDIZEM CD 300MG CAP SA	22	84.2%	84.1%	1.4%	2.1686	2.576	4,944	374,144	0.11%
00088179830	CARDIZEM CD 300MG CAP SA	12	85.1%	84.9%	1.3%	2.2201	2.608	2,755	204,557	0.06%
00049275066	CARDURA 1MG TABLET	17	81.2%	81.3%	1.3%	0.7887	0.9709	5,325	181,698	0.05%
00049276066	CARDURA 2MG TABLET	47	81.2%	81.2%	1.4%	0.7881	0.9709	11,604	405,339	0.11%
00049277066	CARDURA 4MG TABLET	51	80.9%	81.2%	1.4%	0.8243	1.01923	12,140	448,733	0.13%
00597003212	CATAPRES-TTS 2 PATCH	15	82.3%	83.1%	2.6%	11.6818	14.19807	6,827	385,472	0.11%
00597003334	CATAPRES-TTS 3 PATCH	25	84.6%	84.8%	1.6%	16.806	19.86644	5,910	454,999	0.13%
00085069101	CEDAX 400MG CAPSULE	6	84.0%	84.0%	2.9%	5.8291	6.93867	3,810	249,843	0.07%
00173038742	CEFTIN 250MG TABLET	39	84.0%	84.2%	1.3%	2.9767	3.54238	7,508	446,991	0.13%
00173039400	CEFTIN 500MG TABLET	10	83.4%	83.6%	1.3%	5.771	6.9156	2,033	231,031	0.07%
00173039442	CEFTIN 500MG TABLET	3	84.4%	84.4%	1.2%	5.7562	6.81759	1,798	203,140	0.06%
00087771864	CEFZIL 125MG/5ML SUSPENSION	39	84.6%	84.4%	1.7%	0.2631	0.29918	17,126	560,040	0.16%
00087772060	CEFZIL 250MG TABLET	15	84.7%	84.7%	1.0%	2.6577	3.13898	6,932	401,113	0.11%
00087771964	CEFZIL 250MG/5ML SUSPENSION	55	83.8%	84.2%	1.3%	0.4547	0.54255	23,585	1,296,204	0.36%
00026851251	CIPRO 250MG TABLET	19	81.1%	81.7%	4.4%	2.6791	3.3022	6,641	334,441	0.09%
00026851351	CIPRO 500MG TABLET	60	82.8%	83.4%	3.3%	3.2031	3.86808	34,004	2,072,935	0.58%
00026851450	CIPRO 750MG TABLET	22	83.2%	83.5%	2.4%	3.1836	3.82704	3,874	282,250	0.08%
00085112802	CLARITIN 10MG REDITABS	53	83.8%	84.9%	1.7%	2.0619	2.462	13,432	881,469	0.25%
00085045805	CLARITIN 10MG TABLET	2	84.9%	85.2%	1.5%	1.812	2.13533	4,688	232,547	0.07%
00085045803	CLARITIN 10MG TABLET	130	83.7%	84.8%	1.4%	1.7876	2.1353	84,882	4,519,437	1.27%
00085045806	CLARITIN 10MG TABLET	7	84.7%	85.5%	3.0%	1.8094	2.13518	9,265	512,730	0.14%
00085061202	CLARITIN 10MG/10ML SYRUP	37	83.9%	84.4%	1.5%	0.2087	0.24877	38,911	1,289,749	0.36%
00597001314	COMBIVENT INHALER	68	84.1%	84.3%	1.3%	2.0603	2.44935	11,419	432,363	0.12%
00173059500	COMBIVENT TABLET	4	83.2%	83.0%	0.9%	7.374	8.86779	1,777	849,187	0.24%

Exhibits\_eac.xls [All Brand Drug Exhibit]

Page 3 of 31

**Acquisition Cost Summary**  
**Brand Name Drug Products**  
**Louisiana Medicaid**

NDC Number	Description	Number of Observations	Weighted Average	Raw Average	Standard Deviation	Average Actual Acquisition Cost	AWP	Number of Rx's	Reimbursed	Percent of Medicaid Volume
A	B	C	D	E	F	G	H	I	J	K
00006095258	COZAAR 50MG TABLET	40	79.8%	80.8%	2.0%	0.9652	1.20887	8,967	389,155	0.11%
00006057352	CRIVAN 400MG CAPSULE	2	80.1%	80.1%	0.0%	2.0024	2.5	1,704	670,212	0.19%
00004026948	CYTOVENE 250MG CAPSULE	1	85.8%	85.8%		3.4312	3.99752	367	286,745	0.08%
00025138131	DAYPRO 600MG CAPLET	77	83.8%	84.1%	1.7%	1.1652	1.39118	21,049	1,408,739	0.40%
00075245201	DDAVP 0.01% NASAL SPRAY	26	79.4%	80.7%	2.6%	21.1733	26.67362	4,874	677,096	0.19%
53169010401	DEMADEX 20MG TABLET	26	80.4%	80.5%	1.5%	0.523	0.6506	12,392	350,803	0.10%
00074611413	DEPAKOTE 125MG SPRINKLE CAP	10	83.2%	81.0%	3.8%	0.3269	0.39294	3,780	266,299	0.07%
00074621413	DEPAKOTE 250MG TABLET EC	40	80.0%	80.6%	2.2%	0.6143	0.76748	18,074	1,125,999	0.32%
00074621453	DEPAKOTE 250MG TABLET EC	4	80.3%	80.3%	1.9%	0.616	0.76748	4,988	296,660	0.08%
00074621553	DEPAKOTE 500MG TABLET EC	1	78.6%	78.6%		1.1126	1.4155	5,704	596,285	0.17%
00074621513	DEPAKOTE 500MG TABLET EC	47	80.2%	80.6%	2.1%	1.1357	1.4155	18,912	1,952,898	0.55%
00009074630	DEPO-PROVERA 150MG/MIL VIAL	14	82.7%	82.1%	1.3%	38.149	46.14063	6,187	306,786	0.09%
00009454402	DETROL 2MG TABLET	49	81.4%	81.4%	1.7%	1.0023	1.23125	3,574	220,339	0.06%
00049342030	DIFLUCAN 100MG TABLET	23	80.9%	80.8%	1.6%	5.7125	7.06047	6,328	508,669	0.14%
00049350079	DIFLUCAN 150MG TABLET	24	80.7%	81.0%	1.4%	9.0754	11.23968	13,371	285,929	0.08%
00049343030	DIFLUCAN 200MG TABLET	7	80.6%	80.6%	1.7%	9.3075	11.55357	3,801	739,126	0.21%
00083400001	DIOVAN 80MG CAPSULE	39	81.4%	81.4%	1.5%	0.9855	1.21	5,453	221,449	0.06%
00008090901	DURACT 25MG CAPSULE	24	80.3%	80.4%	1.3%	0.8333	1.0375	8,488	287,954	0.08%
50458003605	DURAGESIC 100MCG/HR PATCH	2	82.8%	81.9%	2.0%	29.132	35.1888	907	276,948	0.08%
50458003405	DURAGESIC 50MCG/HR PATCH	5	84.4%	84.6%	4.1%	14.8853	17.628	2,072	245,864	0.07%
50458003505	DURAGESIC 75MCG/HR PATCH	5	86.1%	86.5%	1.8%	24.324	26.2432	995	202,551	0.06%
00008078101	EFFEXOR 37.5MG TABLET	10	80.6%	81.1%	2.1%	0.8754	1.08675	4,438	242,774	0.07%
00008070401	EFFEXOR 75MG TABLET	29	80.4%	80.9%	1.8%	0.962	1.19618	3,774	271,562	0.08%
00008083301	EFFEXOR XR 75MG CAPSULE SA	17	80.8%	81.0%	1.6%	1.7853	2.20831	2,886	217,458	0.06%
00085056701	ELOCON 0.1% CREAM	35	84.3%	84.7%	2.0%	1.0282	1.22036	8,422	204,343	0.06%
00173047001	EPIVIR 150MG TABLET	13	84.0%	84.2%	1.4%	3.435	4.08979	4,114	900,495	0.25%
00173045301	FLONASE 0.05% NASAL SPRAY	110	83.6%	84.5%	1.2%	2.4121	2.886	20,943	965,410	0.27%
00173049400	FLOVENT 110MCG INHALER	35	84.6%	84.9%	2.0%	3.4661	4.09338	5,767	307,290	0.09%
00173049500	FLOVENT 220MCG INHALER	27	83.6%	84.0%	1.4%	5.3689	6.4246	3,499	285,227	0.08%
00062154201	FLOXIN 400MG TABLET	2	79.8%	79.9%	5.5%	3.512	4.3995	5,304	340,105	0.10%
00004024648	FORTOVASE 200MG SOFTGEL CAP	3	84.4%	84.7%	1.0%	0.9184	1.08859	771	209,181	0.06%
00006093658	FOSAMAX 10MG TABLET	21	84.1%	84.2%	1.4%	1.58	1.87812	5,643	306,543	0.09%
00006093631	FOSAMAX 10MG TABLET	68	84.3%	84.5%	1.4%	1.5794	1.87447	6,410	350,130	0.10%
00087606005	GLUCOPHAGE 500MG TABLET	188	84.0%	84.2%	1.2%	0.4614	0.54899	47,136	1,845,333	0.52%
00087607005	GLUCOPHAGE 850MG TABLET	42	83.8%	84.3%	1.5%	0.7814	0.93206	5,315	319,799	0.09%

Exhibits\_eac.xls [All Brand Drug Exhibit]

Page 4 of 31

Myers and Stauffer LC

8/11/99



**Acquisition Cost Summary**  
**Brand Name Drug Products**  
**Louisiana Medicaid**

NDC Number	Description	Number of Observations	Weighted Average	Raw Average	Standard Deviation	Average Actual Acquisition Cost	AWP	Number of Rx's	Reimbursed	Percent of Medicaid Volume
A	B	C	D	E	F	G	H	I	J	K
00049156066	GLUCOTROL XL 10MG TABLET SA	80	81.1%	81.3%	1.4%	0.5389	0.66452	16,290	524,172	0.15%
00049155066	GLUCOTROL XL 5MG TABLET SA	63	80.9%	81.2%	1.4%	0.2715	0.3357	12,688	213,764	0.06%
00062020604	GRIFULVIN V 125MG/5ML SUSP	33	83.8%	84.0%	1.2%	0.1818	0.21694	13,964	621,120	0.17%
62022025704	HISTEX PD PEDIATRIC LIQUID	10	82.7%	82.5%	1.3%	0.0872	0.10542	13,083	228,418	0.06%
00074380613	HYTRIN 2MG CAPSULE	36	81.0%	81.0%	1.5%	1.2657	1.56339	4,750	249,906	0.07%
00074380713	HYTRIN 5MG CAPSULE	40	80.7%	80.9%	1.2%	1.257	1.55837	4,808	248,939	0.07%
00173046002	IMITREX 25MG TABLET	32	83.8%	84.1%	1.6%	10.7821	12.86189	1,526	242,388	0.07%
00173045900	IMITREX 50MG TABLET	40	83.7%	84.7%	1.9%	11.9384	14.25866	1,668	290,327	0.08%
00004024515	INVIRASE 200MG CAPSULE	2	86.0%	86.0%	0.3%	1.8686	2.17168	687	272,210	0.08%
00085078701	K-DUR 20MEQ TABLET SA	66	83.4%	84.4%	1.9%	0.3831	0.45953	53,872	1,230,435	0.35%
00085078710	K-DUR 20MEQ TABLET SA	8	83.5%	83.7%	1.4%	0.3743	0.44811	15,389	347,781	0.10%
00085078706	K-DUR 20MEQ TABLET SA	8	84.3%	84.3%	2.0%	0.3801	0.45076	11,554	261,837	0.07%
00173064255	LAMICTAL 100MG TABLET	6	82.6%	82.7%	1.3%	1.5843	1.91832	1,476	244,324	0.07%
00173063302	LAMICTAL 25MG TABLET	3	85.3%	85.3%	1.5%	1.5406	1.8072	1,336	241,482	0.07%
00078017046	LAMISIL 1% CREAM	26	83.7%	84.0%	1.4%	1.5473	1.84953	5,168	286,198	0.08%
00078017040	LAMISIL 1% CREAM	41	84.5%	84.7%	1.5%	1.7543	2.07663	5,598	187,823	0.05%
00078017915	LAMISIL 250MG TABLET	53	84.1%	84.5%	1.6%	5.6578	6.7295	4,449	706,708	0.20%
00078017605	LESOL 20MG CAPSULE	41	85.1%	85.1%	1.1%	1.0672	1.2545	5,972	238,164	0.07%
00045152550	LEVAQUIN 500MG TABLET	20	82.7%	82.9%	4.0%	6.2406	7.54437	10,559	688,199	0.19%
00071015523	LIPITOR 10MG TABLET	128	85.0%	85.8%	2.1%	1.5506	1.824	28,434	1,562,219	0.44%
00071015623	LIPITOR 20MG TABLET	63	85.0%	85.7%	2.3%	2.3967	2.82	10,514	915,877	0.26%
00008251402	LO/OVRAL-28 TABLET	40	79.8%	80.6%	2.4%	0.836	1.04723	6,178	184,560	0.05%
00046082981	LODINE XL 400MG TABLET SA	46	81.0%	81.0%	1.9%	1.0886	1.3444	9,883	569,194	0.16%
00002513648	LORABID 200MG/5ML SUSP	28	84.3%	84.3%	1.3%	0.3394	0.4028	9,173	387,441	0.11%
00083006330	LOTENSIN 10MG TABLET	51	83.8%	84.2%	1.4%	0.6445	0.76882	11,389	318,075	0.09%
00083007930	LOTENSIN 20MG TABLET	57	83.5%	84.1%	1.4%	0.6392	0.76527	11,404	342,263	0.10%
00083226030	LOTREL 5/10MG CAPSULE	33	84.4%	84.4%	1.6%	1.2994	1.54017	5,222	270,627	0.08%
00083226530	LOTREL 5/20MG CAPSULE	21	84.5%	84.5%	1.5%	1.3418	1.5887	3,270	181,690	0.05%
00085092402	LOTRIZONE CREAM	59	84.0%	84.6%	2.2%	0.8564	1.01957	30,275	1,409,211	0.40%
00085092401	LOTRIZONE CREAM	87	84.2%	84.9%	2.1%	1.2056	1.43182	22,327	583,658	0.16%
00075062430	LOVENOX 30MG PREFILLED SYRN	1	81.6%	81.6%		47.9933	58.80416	1,406	477,462	0.13%
00032420501	LUVOX 50MG TABLET	3	78.4%	78.4%	3.1%	1.8125	2.3125	1,868	198,018	0.06%
00149071001	MACROBID 100MG CAPSULE	21	85.7%	85.9%	2.2%	1.2206	1.4249	12,618	405,659	0.11%
00015050842	MEGACE 40MG/ML ORAL SUSP	15	84.0%	84.1%	0.9%	0.4287	0.51052	2,950	396,094	0.11%
00089020025	METROGEL-VAGINAL 0.75% GEL	33	83.4%	83.8%	1.4%	0.3664	0.43944	5,592	181,380	0.05%

Exhibits\_eac.xls [All Brand Drug Exhibit]

Page 5 of 31

**Acquisition Cost Summary**  
**Brand Name Drug Products**  
**Louisiana Medicaid**

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00006073161	MEVACOR 20MG TABLET	38	80.7%	81.0%	1.3%	1.878	2.32832	8,654	613,837	0.17%
00006073261	MEVACOR 40MG TABLET	11	80.5%	80.5%	1.7%	3.3749	4.19125	2,846	359,899	0.10%
00078031190	MIACALCIN 200U NASAL SPRAY	71	84.3%	84.7%	1.5%	11.6715	13.8474	14,734	699,241	0.20%
00087015846	MONOPRIL 10MG TABLET	39	84.0%	84.4%	1.5%	0.7088	0.84428	9,396	277,911	0.08%
00008090202	NAPRELAN 500MG TABLET SA	30	81.0%	81.1%	1.9%	1.1724	1.4481	5,790	379,758	0.11%
00075150616	NASACORT AQ NASAL SPRAY	34	80.6%	81.0%	1.9%	1.8063	2.24047	5,055	195,349	0.06%
00075150543	NASACORT NASAL INHALER	49	80.4%	81.0%	1.3%	3.2751	4.07375	5,599	233,673	0.07%
00085119701	NASONEX 50MCG NASAL SPRAY	81	83.8%	84.3%	1.6%	2.3782	2.83705	16,505	796,521	0.22%
00078024815	NEORAL 100MG GELATN CAPSULE	8	84.0%	84.0%	1.4%	4.8623	5.78735	1,493	615,119	0.17%
55513034710	NEUPOGEN 300MCG/ML VIAL	1	60.5%	60.5%		99.999	165.3	243	357,687	0.10%
55513054610	NEUPOGEN 300MCG/ML VIAL	2	80.7%	80.7%	0.0%	132.8756	164.5625	136	239,776	0.07%
00071080324	NEURONTIN 100MG CAPSULE	35	84.3%	84.4%	1.0%	0.3618	0.42924	5,970	197,533	0.06%
00071080524	NEURONTIN 300MG CAPSULE	82	84.5%	84.7%	1.4%	0.9066	1.07328	16,593	1,402,881	0.39%
00071080624	NEURONTIN 400MG CAPSULE	22	84.3%	84.6%	1.3%	1.0856	1.28784	5,626	843,463	0.24%
50458022130	NIZORAL 2% CREAM	16	82.7%	83.7%	2.1%	0.7409	0.8964	7,528	220,340	0.06%
50458022304	NIZORAL 2% SHAMPOO	57	83.1%	84.2%	2.5%	0.1369	0.1647	26,683	619,878	0.17%
00069154068	NORVASC 10MG TABLET	92	81.0%	81.2%	1.2%	1.7612	2.17444	29,280	1,988,585	0.56%
00069153068	NORVASC 5MG TABLET	101	80.3%	80.9%	1.3%	1.0362	1.29053	27,435	1,189,010	0.33%
00069153072	NORVASC 5MG TABLET	22	80.4%	80.7%	2.5%	1.0164	1.26475	16,382	594,325	0.20%
00074949202	NORVIR 100MG CAPSULE	5	80.8%	80.9%	0.9%	1.4984	1.85504	681	279,371	0.08%
00062190315	ORTHO TRI-CYCLEN 28 TABLET	60	83.3%	84.2%	2.2%	0.8171	0.98142	12,030	344,219	0.10%
59011010310	OXYCONTIN 20MG TABLET SA	7	80.4%	80.7%	1.2%	1.75	2.1759	1,625	203,798	0.06%
59011010510	OXYCONTIN 40MG TABLET SA	3	83.0%	82.7%	2.3%	3.2044	3.8608	735	184,654	0.05%
00525037616	PANFIL G SYRUP	20	83.4%	82.8%	1.9%	0.0456	0.05467	42,326	555,368	0.16%
00065027105	PATANOL 0.1% EYE DROPS	37	80.6%	81.0%	1.4%	7.7503	9.61029	5,035	243,059	0.07%
00029321013	PAXIL 10MG TABLET	59	83.8%	84.3%	1.6%	1.7477	2.08643	10,910	687,843	0.19%
00029321120	PAXIL 20MG TABLET	92	83.9%	84.6%	1.4%	1.8291	2.18087	29,807	1,998,873	0.56%
00029321113	PAXIL 20MG TABLET	17	84.6%	84.5%	1.7%	1.8418	2.17761	4,240	273,981	0.08%
00029321213	PAXIL 30MG TABLET	31	84.0%	84.3%	1.6%	1.8916	2.25137	3,173	213,691	0.06%
00006096382	PEPCID 20MG TABLET	1	78.6%	78.6%		1.3398	1.70457	5,459	361,743	0.10%
00006096331	PEPCID 20MG TABLET	33	80.0%	80.3%	0.9%	1.3643	1.70457	15,506	1,079,233	0.30%
00006096358	PEPCID 20MG TABLET	48	81.3%	81.3%	1.1%	1.3858	1.7045	23,139	1,611,534	0.45%
00006096431	PEPCID 40MG TABLET	24	80.8%	81.0%	1.1%	2.6632	3.29416	2,690	282,896	0.08%
00006363892	PEPCID 40MG/5ML ORAL SUSP	2	83.0%	83.0%	0.0%	1.5032	1.8105	1,805	211,154	0.06%
00008049801	PHENERGAN 12.5MG SUPPOS	21	80.0%	80.2%	2.0%	2.187	2.73541	16,955	366,072	0.10%

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00008021201	PHENERGAN 25MG SUPPOSITORY	51	80.4%	81.0%	2.5%	2.5224	3.13645	14,008	413,430	0.12%
63653117104	PLAVIX 75MG TABLET	7	83.1%	83.7%	2.2%	2.4037	2.89152	4,485	370,325	0.10%
00003517805	PRAVACHOL 20MG TABLET	92	80.3%	80.9%	1.4%	1.7384	2.165	15,557	1,001,668	0.28%
00003519410	PRAVACHOL 40MG TABLET	31	80.4%	80.8%	1.8%	2.8521	3.55902	4,516	468,398	0.13%
00046086781	PREMARIN 0.625MG TABLET	69	79.6%	79.6%	0.8%	0.4016	0.5046	20,618	380,903	0.11%
00046086791	PREMARIN 0.625MG TABLET	38	80.4%	80.5%	1.1%	0.385	0.47868	34,827	631,113	0.18%
00046086681	PREMARIN 1.25MG TABLET	64	79.7%	79.7%	0.6%	0.5557	0.69688	10,031	249,262	0.07%
00046086691	PREMARIN 1.25MG TABLET	16	81.0%	81.1%	1.2%	0.5365	0.66263	13,513	320,627	0.09%
00046087502	PREMPRO 0.625/2.5MG TABLET	63	80.1%	80.7%	1.4%	0.5989	0.74761	8,088	195,296	0.05%
00300154130	PREVACID 15MG CAPSULE SA	62	84.5%	84.7%	1.5%	2.927	3.46325	12,346	1,296,012	0.36%
00300304613	PREVACID 30MG CAPSULE SA	95	84.1%	84.4%	1.3%	2.9648	3.52612	24,884	2,588,703	0.73%
61113060668	PRIOSEC 10MG CAPSULE SA	1	84.2%	84.2%		2.8411	3.3756	2,039	197,406	0.06%
61113060631	PRIOSEC 10MG CAPSULE SA	25	84.3%	84.3%	1.5%	2.8896	3.426	7,130	700,611	0.20%
61113074282	PRIOSEC 20MG CAPSULE SA	4	82.9%	82.9%	1.2%	3.1861	3.84436	7,441	872,484	0.25%
61113074231	PRIOSEC 20MG CAPSULE SA	222	84.3%	84.7%	1.2%	3.2098	3.80981	69,371	7,968,943	2.24%
00069265072	PROCARDIA XL 30MG TABLET SA	32	80.6%	80.9%	1.7%	1.0556	1.32164	19,685	825,631	0.23%
00069265066	PROCARDIA XL 30MG TABLET SA	13	82.0%	81.9%	1.3%	1.1059	1.34864	11,356	490,971	0.14%
00069266066	PROCARDIA XL 60MG TABLET SA	36	80.2%	80.5%	1.2%	1.8725	2.33367	16,179	1,211,868	0.34%
00069266072	PROCARDIA XL 60MG TABLET SA	16	81.0%	81.0%	1.8%	1.8528	2.28695	12,202	902,652	0.25%
00069267066	PROCARDIA XL 90MG TABLET SA	44	81.0%	81.1%	1.1%	2.1814	2.69253	16,428	1,341,998	0.38%
00469061771	PROGRAF 1MG CAPSULE	3	83.6%	84.0%	1.4%	2.1664	2.59256	1,024	490,753	0.14%
50458043050	PROPULSID 10MG TABLET	14	81.7%	83.2%	3.9%	0.6106	0.74767	13,878	975,186	0.27%
50458043010	PROPULSID 10MG TABLET	71	83.2%	83.8%	1.5%	0.6217	0.74772	24,710	1,631,678	0.46%
50458045045	PROPULSID 1MG/ML SUSPENSION	14	83.1%	83.2%	2.8%	0.0997	0.12007	11,798	566,951	0.16%
50458044025	PROPULSID 20MG TABLET	2	84.2%	84.4%	0.8%	1.2213	1.45051	2,531	271,429	0.08%
50458044010	PROPULSID 20MG TABLET	62	83.5%	84.3%	2.7%	1.2116	1.45044	14,361	1,447,410	0.41%
00085043102	PROVENTIL 4MG REPETABS	16	83.8%	84.0%	2.1%	0.6238	0.74428	4,330	186,015	0.05%
00085113201	PROVENTIL HFA 90MCG INHALER	56	81.9%	82.8%	2.7%	3.294	4.02143	13,687	421,522	0.12%
00777310402	PROZAC 10MG PULVULE	29	83.6%	84.0%	1.6%	2.0387	2.4388	10,549	768,672	0.22%
00777310502	PROZAC 20MG PULVULE	114	83.4%	83.9%	0.8%	2.0861	2.5014	46,434	4,080,003	1.15%
00777512058	PROZAC 20MG/5ML SOLUTION	6	84.4%	84.8%	1.6%	0.7809	0.92566	1,722	181,855	0.05%
50242010040	PULMOZYME 1MG/ML AMPUL	1	81.7%	81.7%		11.7899	14.43666	527	536,513	0.15%
00045081015	REGANEX 0.01% GEL	4	82.6%	82.9%	1.3%	20.8077	25.2	988	359,408	0.10%
00029485120	RELAFEN 500MG TABLET	93	80.7%	81.0%	1.3%	0.949	1.17564	31,466	1,901,720	0.54%
00029485220	RELAFEN 750MG TABLET	52	81.3%	81.4%	1.3%	1.1321	1.38294	11,450	756,560	0.21%

Exhibits\_eac.xls [All Brand Drug Exhibit]

Page 7 of 31

**Acquisition Cost Summary**  
**Brand Name Drug Products**  
**Louisiana Medicaid**

NDC Number	Description	Number of Observations	Weighted Average	Raw Average	Standard Deviation	Average Actual Acquisition Cost	AWP	Number of Rx's	Reimbursed	Percent of Medicaid Volume
A	B	C	D	E	F	G	H	I	J	K
00052010530	REMERON 15MG TABLET	36	84.7%	84.8%	1.7%	1.8577	2.19363	7,170	466,456	0.13%
00052010730	REMERON 30MG TABLET	34	84.0%	84.3%	2.0%	1.9087	2.27353	3,583	243,352	0.07%
00173010855	RETROVIR 100MG CAPSULE	3	85.2%	85.2%	1.4%	1.3573	1.59288	1,048	224,569	0.06%
00071035215	REZULIN 200MG TABLET	42	83.4%	84.0%	1.4%	2.4826	2.976	11,983	1,135,809	0.32%
00071035223	REZULIN 200MG TABLET	3	84.3%	84.1%	0.3%	2.5085	2.976	2,840	273,321	0.08%
00071035720	REZULIN 300MG TABLET	13	84.1%	84.1%	1.1%	2.5031	2.976	1,319	195,974	0.06%
00071035315	REZULIN 400MG TABLET	52	83.7%	84.0%	1.1%	3.9661	4.74	12,052	1,654,125	0.47%
00071035323	REZULIN 400MG TABLET	3	84.4%	84.4%	1.2%	4.0027	4.74	2,043	285,121	0.08%
00186107509	RHINOCORT NASAL INHALER	56	81.6%	83.5%	2.6%	4.0718	4.99011	7,744	282,844	0.08%
50458030050	RISPERDAL 1MG TABLET	3	76.8%	76.8%	0.0%	1.7831	2.32204	8,362	725,343	0.20%
50458030006	RISPERDAL 1MG TABLET	40	84.4%	84.6%	1.3%	1.9605	2.32219	21,322	1,972,043	0.56%
50458032006	RISPERDAL 2MG TABLET	22	82.0%	83.2%	2.7%	3.1691	3.86499	9,015	1,604,218	0.45%
50458033006	RISPERDAL 3MG TABLET	9	83.9%	84.1%	0.8%	3.8317	4.56439	8,802	2,037,863	0.57%
50458035006	RISPERDAL 4MG TABLET	6	84.0%	84.0%	0.5%	5.0498	6.01479	2,372	695,369	0.20%
00004196401	ROCEPHIN 1GM VIAL	8	83.1%	83.0%	1.2%	34.1521	41.1012	2,767	334,319	0.09%
00044502202	RYTHMOL 150MG TABLET	25	84.7%	84.7%	1.4%	0.9155	1.08045	2,545	214,738	0.06%
00078024115	SANDIMMUNE 100MG CAPSULE	2	83.3%	83.3%	0.0%	5.349	6.419	881	426,220	0.12%
00044527003	SANTYL OINTMENT	5	84.6%	84.6%	0.0%	1.5739	1.861	3,430	228,303	0.06%
00173046400	SEREVENT 21MCG INHALER	67	83.9%	84.5%	1.4%	3.7661	4.48707	12,153	691,181	0.19%
00310027110	SEROQUEL 100MG TABLET	5	80.8%	82.7%	2.8%	1.8315	2.2659	2,814	405,810	0.11%
00310027510	SEROQUEL 25MG TABLET	13	81.3%	82.7%	3.7%	1.0131	1.24571	3,579	288,241	0.08%
00087003231	SERZONE 100MG TABLET	30	83.9%	84.2%	1.7%	0.8751	1.0426	5,997	298,607	0.08%
00087003931	SERZONE 150MG TABLET	34	83.6%	84.3%	1.5%	0.8583	1.02631	3,993	229,319	0.06%
00056052168	SINEMET CR 50/200 TABLET SA	31	80.6%	80.8%	1.8%	1.3406	1.66312	4,200	466,115	0.13%
0006011731	SINGULAIR 10MG TABLET	24	84.4%	84.5%	1.2%	1.8829	2.232	2,885	190,136	0.05%
50458029004	SPORANOX 100MG CAPSULE	16	84.2%	84.4%	1.1%	5.4568	6.47919	1,633	368,862	0.10%
00087565041	STADOL NS 10MG/ML SPRAY	43	83.6%	83.8%	1.3%	22.745	27.21029	7,109	531,210	0.15%
00024193704	TALOCEN CAPLET	23	84.3%	84.2%	1.5%	0.727	0.86285	8,541	261,055	0.07%
00062535001	TERAZOL 7 CREAM	64	84.2%	84.7%	2.2%	0.4988	0.59264	12,397	351,115	0.10%
00004001814	TICLID 250MG TABLET	3	81.9%	81.9%	0.0%	1.5539	1.89794	3,138	321,450	0.09%
00004001822	TICLID 250MG TABLET	47	83.0%	83.6%	2.2%	1.5767	1.89879	8,975	894,530	0.25%
00004001823	TICLID 250MG TABLET	30	83.7%	84.6%	1.4%	1.6379	1.95639	6,534	641,506	0.18%
00065064705	TOBRADEX EYE DROPS	79	80.5%	81.0%	1.4%	4.5074	5.59792	9,767	296,700	0.08%
00186103005	TOPROL XL 50MG TABLET SA	50	83.2%	83.5%	3.3%	0.4482	0.53897	9,729	192,152	0.05%
00049379030	TROVAN 200MG TABLET	14	81.5%	81.3%	2.1%	5.8451	7.16972	5,579	354,163	0.10%

Exhibits\_eac.xls [All Brand Drug Exhibit]

Page 8 of 31

Myers and Stauffer LC

8/11/99

**Acquisition Cost Summary**  
**Brand Name Drug Products**  
**Louisiana Medicaid**

NDC Number	Description	Number of Observations	Weighted Average	Raw Average	Standard Deviation	Average Actual Acquisition Cost	AWP	Number of Rx's	Reimbursed	Percent of Medicaid Volume
A	B	C	D	E	F	G	H	I	J	K
00006351910	TRUSOPT 2% EYE DROPS	40	80.1%	80.4%	1.3%	3.7328	4.66	5,823	263,525	0.07%
00045065950	ULTRAM 50MG TABLET	116	83.6%	84.2%	1.7%	0.581	0.69469	64,022	2,236,097	0.63%
00045065970	ULTRAM 50MG TABLET	9	83.9%	83.7%	3.2%	0.5958	0.71014	6,591	237,575	0.07%
00085104901	VANCENASE AQ 84MCG SPRAY	76	81.9%	84.1%	2.8%	2.0837	2.54351	10,781	514,869	0.14%
00085111201	VANCERIL 84MCG INHALER	27	83.0%	83.6%	2.6%	3.2917	3.96615	6,250	314,188	0.09%
00009361501	VANTIN 100MG/5ML SUSPENSION	23	81.0%	80.9%	1.9%	0.5029	0.62062	5,768	359,737	0.10%
00006071368	VASOTEC 10MG TABLET	66	80.5%	80.8%	1.2%	0.8733	1.08492	16,286	728,214	0.21%
00006001468	VASOTEC 2.5MG TABLET	22	80.9%	81.1%	1.6%	0.6562	0.81114	8,049	261,949	0.07%
00006071468	VASOTEC 20MG TABLET	45	80.5%	80.7%	1.3%	1.2383	1.53771	9,258	607,953	0.17%
00006071268	VASOTEC 5MG TABLET	59	80.3%	80.6%	1.2%	0.8321	1.0366	18,035	739,054	0.21%
00069421030	VIAGRA 50MG TABLET	63	80.8%	81.2%	1.2%	7.0658	8.74989	4,958	259,886	0.07%
00044072302	VICOPROFEN 2007.5 TABLET	28	81.4%	81.4%	1.5%	0.7271	0.893	6,500	181,760	0.05%
63010001027	VIRACEPT 250MG TABLET	5	84.0%	84.0%	1.3%	1.733	2.064	2,796	1,400,031	0.39%
00028020501	VOLTAREN-XR 100MG TABLET SA	13	83.8%	83.9%	3.2%	2.2939	2.73574	6,606	503,929	0.14%
00173013555	WELLBUTRIN SR 150MG TAB SA	79	84.1%	84.6%	1.5%	1.1175	1.32919	8,510	531,806	0.15%
00013830304	XALATAN 0.005% EYE DROPS	124	84.5%	81.8%	2.8%	14.3635	16.99	18,378	808,492	0.23%
00173038354	ZANTAC 15MG/ML SYRUP	17	85.0%	85.0%	1.4%	0.3442	0.40477	8,908	878,757	0.25%
00003196701	ZERIT 40MG CAPSULE	9	80.2%	80.2%	1.6%	3.6325	4.52832	2,838	691,403	0.19%
00059311019	ZITHROMAX 100MG/5ML SUSP	45	80.6%	81.0%	1.4%	1.4529	1.80262	15,385	492,492	0.14%
00059314019	ZITHROMAX 200MG/5ML SUSP	20	79.9%	80.9%	1.3%	0.7202	0.90131	6,417	194,596	0.05%
00059313019	ZITHROMAX 200MG/5ML SUSP	28	81.1%	81.2%	1.6%	0.9747	1.20175	5,881	184,029	0.05%
00059312019	ZITHROMAX 200MG/5ML SUSP	54	81.2%	81.4%	1.4%	1.4642	1.80262	15,382	474,288	0.13%
00059306030	ZITHROMAX 250MG TABLET	17	81.6%	81.5%	0.8%	5.2104	6.38637	9,362	372,434	0.10%
00059306075	ZITHROMAX 250MG Z-PAK TAB	88	80.4%	81.0%	1.1%	5.1367	6.38742	25,168	981,638	0.28%
00006073561	ZOCOR 10MG TABLET	53	80.3%	80.8%	1.3%	1.6861	2.09957	9,020	559,102	0.16%
00006073554	ZOCOR 10MG TABLET	12	81.6%	81.6%	1.2%	1.7135	2.09957	2,894	181,125	0.05%
00006074061	ZOCOR 20MG TABLET	80	80.7%	81.0%	1.3%	2.9549	3.6627	14,052	1,480,821	0.42%
00006074961	ZOCOR 40MG TABLET	34	80.5%	80.8%	1.4%	2.9492	3.6627	4,358	453,019	0.13%
00049491066	ZOLOFT 100MG TABLET	80	80.8%	81.2%	1.3%	1.8393	2.27774	19,874	1,439,465	0.41%
00049490073	ZOLOFT 50MG TABLET	4	74.2%	74.2%	0.0%	1.6433	2.21361	8,347	556,985	0.16%
00049490066	ZOLOFT 50MG TABLET	80	80.9%	81.2%	1.2%	1.7915	2.21373	34,727	2,345,874	0.66%
00173055601	ZYBAN 150MG TABLET SA	36	84.9%	84.4%	1.6%	1.1283	1.32919	3,717	268,831	0.08%
00002411760	ZYPREXA 10MG TABLET	34	83.8%	84.2%	1.3%	6.8652	8.18766	20,455	6,269,239	1.77%
00002411260	ZYPREXA 2.5MG TABLET	4	82.7%	83.2%	1.6%	3.7729	4.55983	2,598	365,343	0.10%
00002411560	ZYPREXA 5MG TABLET	27	83.8%	84.0%	1.2%	4.5115	5.38566	12,410	2,336,593	0.66%

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Page 9 of 31

Myers and Stauffer LC

8/11/99



**Acquisition Cost Summary**  
**Brand Name Drug Products**  
**Louisiana Medicaid**

NDC Number	Description	Number of Observations	Weighted Average	Raw Average	Standard Deviation	Average Actual Acquisition Cost	AWP	Number of Rx's	Reimbursed	Percent of Medicaid Volume
A	B	C	D	E	F	G	H	I	J	K
00002411660	ZYPREXA 7.5MG TABLET	10	83.9%	83.9%	0.6%	4.52	5.38566	1,915	425,390	0.12%
00069551066	ZYRTEC 10MG TABLET	81	80.9%	81.3%	1.3%	1.4671	1.81271	37,610	1,687,494	0.48%
00069553047	ZYRTEC 1MG/ML SYRUP	35	80.7%	81.3%	1.6%	0.1782	0.22076	15,351	470,631	0.13%
00069553093	ZYRTEC 1MG/ML SYRUP	6	81.3%	81.3%	1.4%	0.182	0.22396	8,342	253,768	0.07%
<b>Total for Selected Drug Products</b>										
<b>Total - All Drugs Reimbursed by Louisiana Medicaid - Calendar Year 1998</b>										
									<b>3,071,853</b>	<b>188,149,891</b>
									<b>10,319,500</b>	<b>355,179,537</b>

**Explanation of Columns**

- A: National Drug Code Number  
 B: Product Description  
 C: Number of invoice line items matched.  
 D: Average acquisition cost as a percent of AWP weighted by quantity purchased (e.g. an invoice line item with a purchase of 10 packages of a particular product would be weighted the same as 10 individual purchases.)  
 E: Raw average acquisition cost as a percent of AWP (each invoice line item weighted identically.)  
 F: Standard deviation of acquisition cost as a percent of AWP for each invoice line item.  
 G: Average acquisition cost per unit observed in the invoices.  
 H: Average of May 1998 and November 1998 AWP per unit weighted by quantity purchased.  
 I: Number of prescriptions reimbursed by Louisiana Medicaid in calendar year 1998.  
 J: Medicaid expenditures in calendar year 1998.  
 K: Percent of total Medicaid drug expenditures in calendar year 1998.

# Acquisition Cost of Schedule Drugs Louisiana Medicaid

NDC Number	Description	Number of Observations	Average Actual Acquisition Cost	AWP	Average Acquisition Cost as a Percent of AWP
A	B	C	D	E	F
<b>Brand Name Schedule Drugs</b>					
50458003605	DURAGESIC 100MCG/HR PATCH	2	29.1320	35.1888	82.8%
50458003405	DURAGESIC 50MCG/HR PATCH	5	14.8853	17.6280	84.4%
50458003505	DURAGESIC 75MCG/HR PATCH	5	24.3240	28.2432	86.1%
59011010310	OXYCONTIN 20MG TABLET SA	7	1.7500	2.1759	80.4%
59011010510	OXYCONTIN 40MG TABLET SA	3	3.2044	3.8608	83.0%
00044072302	VICOPROFEN 200/7.5 TABLET	28	0.7271	0.8930	81.4%
				Average	83.0%
				Stand. Dev.	2.0%
				Count	6
<b>Multi-Source Schedule Drugs</b>					
00093015010	ACETAMINOPHEN/COD #3 TABLET	4	0.0433	0.1348	32.1%
00472141916	ACETAMINOPHEN/COD ELIXIR	10	0.0092	0.0369	24.9%
52544042501	BUTALBITAL COMP/COD #3 CAP	15	0.5135	0.9374	54.8%
00378041510	DIPHENOXYLATE/ATROPINE TAB	3	0.2168	0.3783	57.3%
60258072016	HYDROCODONE W/APAP ELIXIR	6	0.0712	0.1046	68.1%
52544054001	HYDROCODONE/APAP 10/500 TAB	36	0.3177	0.4924	64.5%
52544050301	HYDROCODONE/APAP 10/650 TAB	19	0.1405	0.5078	27.7%
00603388128	HYDROCODONE/APAP 5/500 TAB	11	0.0237	0.2638	9.0%
52544034905	HYDROCODONE/APAP 5/500 TAB	12	0.0265	0.1955	13.5%
52544038501	HYDROCODONE/APAP 7.5/500 TB	51	0.1139	0.3797	30.0%
52544038505	HYDROCODONE/APAP 7.5/500 TB	9	0.0893	0.3355	26.6%
52544038701	HYDROCODONE/APAP 7.5/750 TB	24	0.1046	0.3544	29.5%
52544038705	HYDROCODONE/APAP 7.5/750 TB	23	0.0756	0.3311	22.8%
00781126210	LONOX TABLET	2	0.1858	0.3783	49.1%
50474090916	LORTAB ELIXIR	13	0.0970	0.1245	77.9%
00364047901	METHYLPHENIDATE 10MG TABLET	3	0.2793	0.4431	63.0%
43567053012	METHYLPHENIDATE 10MG TABLET	1	0.2718	0.4627	58.7%
59772884101	METHYLPHENIDATE 10MG TABLET	2	0.2858	0.4715	60.6%
59772884103	METHYLPHENIDATE 10MG TABLET	2	0.2471	0.4592	53.8%
59772884301	METHYLPHENIDATE 20MG TAB SA	6	0.7355	1.0565	69.6%
00364056101	METHYLPHENIDATE 5MG TABLET	10	0.2105	0.3098	67.9%
59772884001	METHYLPHENIDATE 5MG TABLET	3	0.2229	0.3303	67.5%
00034051710	MS CONTIN 100MG TABLET SA	2	4.1790	5.2094	80.2%
00034051510	MS CONTIN 30MG TABLET SA	3	1.5125	1.8333	82.5%
00083000330	RITALIN 10MG TABLET	18	0.4474	0.5328	84.0%
00083003430	RITALIN 20MG TABLET	6	0.6475	0.7697	84.1%
00083000730	RITALIN 5MG TABLET	12	0.3247	0.3720	87.3%
00083001630	RITALIN-SR 20MG TABLET SA	8	1.0088	1.1954	84.4%
00054279525	ROXILOX 500/5 CAPSULE	5	0.1937	0.5019	38.6%
				Average	54.1%
				Stand. Dev.	23.8%
				Count	29

## Explanation of Columns

A: National Drug Code Number

B: Product Description

C: Number of invoice line items matched.

D: Average acquisition cost per unit observed in the invoices.

E: Average of May 1998 and November 1998 AWP per unit weighted by quantity purchased.

F: Average acquisition cost as a percent of AWP weighted by quantity purchased (e.g. an invoice line item with a purchase of 10 packages of a particular product would be weighted the same as 10 individual purchases.)



# **Average Discount from AWP by Pharmacy** **Multi-Source Drug Products without an FUL Price**

Exhibit 17

Assigned Number	Chain	Urban	Number of Observations	Average Acquisition Cost
A	B	C	D	E
5473	X		8	65.1%
4652	X	X	25	66.2%
4037			42	66.4%
6592	X	X	62	67.3%
3531	X	X	58	68.8%
6163			54	69.5%
5664	X	X	146	69.8%
9567	X	X	135	70.3%
8663			54	70.9%
9470	X	X	96	71.3%
5060	X	X	63	71.5%
4962		X	62	72.0%
0835	X	X	63	72.8%
0675			57	72.9%
5154	X	X	134	73.1%
1351	X	X	111	73.2%
3016	X	X	189	73.6%
2543			41	73.8%
3637			76	74.2%
3499		X	50	74.3%
8355	X	X	139	74.7%
5635		X	57	74.8%
2179			52	75.0%
6101	X	X	170	75.2%
1609	X	X	79	75.5%
3926	X	X	57	75.5%
8735		X	40	75.8%
0192			44	75.9%
7970	X	X	53	76.2%
7004	X	X	110	76.2%
0825			29	76.4%
3593	X	X	80	76.9%
2196			60	77.2%
0958			73	78.6%
9876		X	51	79.1%
7323		X	71	79.4%
8547		X	83	79.6%
7934		X	26	81.5%
6218			3	81.7%
5737		X	38	82.1%
Number of Stores				40
Average				74.1%
Standard Deviation				4.2%
Maximum				82.1%
Minimum				65.1%

Note: Only pharmacies with three or more observations are displayed.

## **Explanation of Columns**

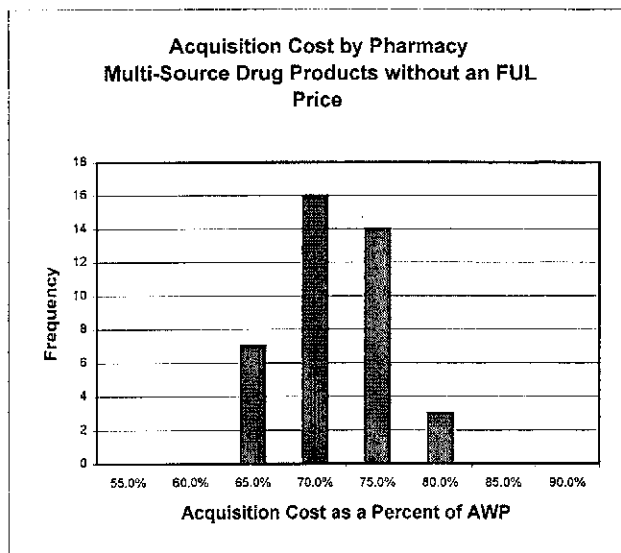
**A.** Random number assigned to pharmacy

**B.** An "X" in this column indicates that the pharmacy was part of a chain organization of more than 15 stores.

**C.** An "X" in this column indicates that the pharmacy is located in an urban area. Each pharmacy's zip code was used to determine the county in which it was located. Counties in a Metropolitan Statistical Area as used by the Health Care Finance Administration were considered urban.

**D.** Number of invoice line items that matched the list of 600 high volume drugs.

**E.** Average acquisition cost as a percent of AWP. The average for each pharmacy was weighted by Louisiana Medicaid volume.



# Acquisition Cost Summary

## Multi-Source Drug Products without an FUL Price

### Louisiana Medicaid

NDC Number	Description	Number of Observations	Weighted Average	Raw Average	Standard Deviation	Average Actual Acquisition Cost	AWP	Number of		Percent of Medicaid Volume
								Rxs	Reimbursed	
A	B	C	D	E	F	G	H	I	J	K
00472141916	ACETAMINOPHEN/COD ELIXIR	10	24.9%	24.5%	5.9%	0.0092	0.0369	11,624	107,824	0.03%
00472008216	ACYCLOVIR 200MG/5ML SUSP	7	73.6%	73.3%	10.2%	0.1313	0.1785	2,367	72,172	0.02%
49502019620	ALBUTEROL 5MG/ML SOLUTION	1	32.0%	32.0%	0.0%	0.2395	0.7495	3,524	74,667	0.02%
59930151504	ALBUTEROL 5MG/ML SOLUTION	47	31.0%	32.7%	4.9%	0.2320	0.7495	24,701	456,208	0.13%
00008257602	ALESSE-28 TABLET	32	80.7%	80.7%	2.2%	0.7912	0.9810	3,812	109,300	0.03%
00245014760	AMIODARONE HCL	15	47.3%	47.7%	5.8%	1.2826	2.7111	1,221	121,006	0.03%
00738027701	AMITRIPTIN 25-10 TABLET	12	53.3%	53.4%	3.3%	0.4505	0.8450	2,022	79,710	0.02%
00245002322	AMLACTIN 12% LOTION	3	37.8%	37.5%	5.5%	0.0343	0.0907	3,587	79,243	0.02%
00054408425	AZATHIOPRINE 50MG TABLET	15	67.3%	68.1%	3.2%	0.7852	1.1663	2,184	139,339	0.04%
00173031288	BECLOVENT INHALER	15	84.1%	84.5%	1.7%	2.0355	2.4200	4,834	205,942	0.06%
00173033602	BECONASE 42MCG INHALER	9	82.4%	82.3%	0.9%	2.0118	2.4421	2,024	85,516	0.02%
00173038879	BECONASE AQ 0.042% SPRAY	36	83.7%	84.2%	1.5%	1.4079	1.6829	4,978	210,064	0.06%
52544042501	BUTALBITAL COMP/COD #3 CAP	15	54.8%	55.0%	8.2%	0.5135	0.9374	2,410	73,214	0.02%
00028015101	CATAFLAM 50MG TABLET	19	83.0%	83.4%	2.0%	1.3780	1.6595	7,630	570,536	0.16%
00281428518	CHROMAGEN CAPSULE	11	79.8%	79.8%	4.1%	0.3198	0.4006	3,116	72,857	0.02%
58177002611	CHROMA-TINIC CAPSULE	10	55.9%	58.2%	7.6%	0.1477	0.2643	4,364	74,004	0.02%
00093030912	CLEMASTINE 0.67MG/5ML SYRUP	1	31.5%	31.5%	0.0%	0.0513	0.1625	4,720	101,420	0.03%
00472085704	CLEMASTINE 0.67MG/5ML SYRUP	3	23.7%	23.3%	10.1%	0.0386	0.1627	8,848	193,469	0.05%
38245026814	CLEMASTINE 0.67MG/5ML SYRUP	7	25.5%	27.8%	9.7%	0.0454	0.1779	11,094	243,841	0.07%
38245026807	CLEMASTINE 0.67MG/5ML SYRUP	10	30.2%	30.3%	0.9%	0.0477	0.1579	7,067	158,955	0.04%
00172436060	CLOZAPINE 100MG TABLET	2	82.1%	82.1%	0.0%	2.5876	3.1527	703	78,095	0.02%
00078012705	CLOZARIL 100MG TABLET	4	84.1%	84.1%	0.0%	2.9634	3.5226	8,440	967,929	0.27%
00078012605	CLOZARIL 25MG TABLET	1	84.1%	84.1%	0.0%	1.1438	1.3596	3,451	139,596	0.04%
00008418804	CORDARONE 200MG TABLET	39	80.4%	80.8%	2.1%	2.7341	3.3994	3,831	482,513	0.14%
00056016970	COUMADIN 1MG TABLET	23	83.1%	83.8%	2.7%	0.4925	0.5928	4,598	109,168	0.03%
00056017670	COUMADIN 2.5MG TABLET	28	83.6%	84.0%	2.4%	0.5335	0.6384	8,803	199,710	0.06%
00056017070	COUMADIN 2MG TABLET	32	82.6%	83.5%	2.8%	0.5108	0.6186	7,223	178,991	0.05%
00056018870	COUMADIN 3MG TABLET	12	84.1%	84.1%	2.6%	0.5391	0.6408	4,202	91,773	0.03%
00056016870	COUMADIN 4MG TABLET	20	84.0%	84.3%	1.9%	0.5397	0.6426	4,175	91,575	0.03%
00056017270	COUMADIN 5MG TABLET	64	82.7%	83.7%	2.0%	0.5348	0.6468	14,442	338,416	0.10%
49502068902	CROMOLYN NEBULIZER SOLUTION	24	46.8%	48.3%	6.8%	0.1638	0.3500	9,738	440,718	0.12%
00070999606	CROMOLYN NEBULIZER SOLUTION	7	47.6%	46.9%	5.8%	0.1669	0.3505	1,918	86,718	0.02%
49502068912	CROMOLYN NEBULIZER SOLUTION	5	58.8%	58.8%	0.0%	0.2059	0.3500	2,443	147,906	0.04%
00052026106	DESOGEN 28 DAY TABLET	42	83.4%	83.9%	2.4%	0.7034	0.8436	4,840	121,513	0.03%
00093094801	DICLOFENAC POTASSIUM	4	60.4%	60.9%	5.3%	0.9002	1.4910	1,242	74,975	0.02%

**Acquisition Cost Summary**  
**Multi-Source Drug Products without an FUL Price**  
**Louisiana Medicaid**

NDC Number	Description	Number of Observations	Weighted Average	Raw Average	Standard Deviation	Average Actual Acquisition Cost	AWP	Number of Rx's	Reimbursed	Percent of Medicaid Volume
A	B	C	D	E	F	G	H	I	J	K
00075025200	DILACOR XR 240MG CAPSULE SA	9	85.0%	85.0%	1.9%	1.1061	1.3012	2,501	104,577	0.03%
00071036224	DILANTIN 100MG KAPSEAL	94	84.2%	84.4%	1.2%	0.2184	0.2596	45,288	1,188,329	0.33%
00071036232	DILANTIN 100MG KAPSEAL	10	85.8%	85.8%	0.5%	0.2228	0.2597	16,249	422,363	0.12%
00071221420	DILANTIN 125MG/5ML SUSP	12	86.0%	86.2%	2.0%	0.1222	0.1421	11,101	447,148	0.13%
50991020016	DILEX-G LIQUID	2	82.7%	82.7%	1.0%	0.0429	0.0518	5,279	76,772	0.02%
52544066401	DILTIAZEM XR 240MG CAP SA	20	62.7%	61.3%	14.2%	0.7133	1.1373	3,060	112,641	0.03%
00378041510	DIPHENOXYLATE/ATROPINE TAB	3	57.3%	57.9%	4.8%	0.2168	0.3783	8,003	112,164	0.03%
60258037116	DY-G LIQUID	8	36.9%	37.6%	7.9%	0.0197	0.0535	4,794	70,933	0.02%
18393025642	EC-NAPROSYN 500MG TABLET EC	8	84.7%	84.7%	1.7%	1.1642	1.3751	1,833	111,810	0.03%
39506002260	ELDEPRYL 5MG CAPSULE	8	83.0%	83.6%	3.9%	2.0339	2.4520	1,108	129,188	0.04%
00023791560	ELIMITE 5% CREAM	8	78.5%	79.9%	2.7%	0.3436	0.4375	5,712	180,395	0.05%
55513014410	EPOGEN 10000U/ML VIAL	1	85.0%	85.0%	0.0%	102.0000	120.0000	307	241,668	0.07%
55513014810	EPOGEN 4000U/ML VIAL	1	84.1%	84.1%	0.0%	40.3800	48.0000	389	161,963	0.05%
00456087801	ESGIC-PLUS TABLET	27	84.0%	84.1%	1.5%	0.8881	0.8194	7,407	194,936	0.05%
00032102601	ESTRATEST TABLET	34	79.2%	80.9%	3.4%	0.8048	1.0163	2,586	91,559	0.03%
59762372707	GLYBURIDE 5MG TABLET	1	15.7%	15.7%	0.0%	0.0691	0.4401	3,319	86,579	0.02%
38245036420	GLYBURIDE 5MG TABLET	9	11.9%	11.9%	1.0%	0.0523	0.4407	5,490	136,761	0.04%
55953034480	GLYBURIDE 5MG TABLET	5	15.4%	15.4%	0.6%	0.0679	0.4400	3,365	93,836	0.03%
38245038110	GLYBURIDE MICRO 3MG TABLET	28	31.7%	31.6%	4.8%	0.1911	0.6020	6,888	165,983	0.05%
59762378301	GLYBURIDE MICRO 6MG TABLET	10	57.4%	57.7%	4.0%	0.5151	0.8973	2,905	126,700	0.04%
55370050607	GLYBURIDE MICRONIZED	5	50.9%	50.9%	0.0%	0.4571	0.8972	1,622	71,746	0.02%
000093444901	GLYNASE 6MG PRESTAB	35	68.8%	69.0%	1.5%	0.7774	1.1293	5,680	300,831	0.08%
00514000102	GRANULEX SPRAY	3	60.7%	60.7%	13.7%	0.0936	0.1543	3,998	86,581	0.02%
00045025446	HALDOL DECANOATE 100 VIAL	5	84.0%	84.0%	0.7%	45.4068	54.0528	2,109	503,318	0.14%
60258072016	HYDROCODONE W/APAP ELIXIR	6	68.1%	68.0%	10.1%	0.0712	0.1046	4,470	90,637	0.03%
52544054001	HYDROCODONE/APAP 10/500 TAB	36	64.5%	66.2%	5.5%	0.3177	0.4924	10,306	221,937	0.06%
00472127016	IBUPROFEN 100MG/5ML SUSP	18	69.8%	73.0%	7.5%	0.0294	0.0421	18,259	202,080	0.06%
00085330603	IMDUR 30MG TABLET SA	31	85.5%	85.5%	3.6%	1.0433	1.2197	14,017	551,836	0.16%
00085411003	IMDUR 60MG TABLET SA	57	84.2%	84.5%	2.6%	1.0805	1.2837	24,614	1,004,905	0.28%
00173059755	IMURAN 50MG TABLET	7	84.1%	84.1%	1.6%	1.1360	1.3510	1,005	70,164	0.02%
00054840211	IPRATROPIUM BR 0.02% SOLN	10	39.9%	39.0%	2.6%	0.2810	0.7050	4,668	359,565	0.10%
49502068503	IPRATROPIUM BR 0.02% SOLN	16	40.8%	41.0%	3.7%	0.2879	0.7056	3,880	366,179	0.10%
00008077101	ISMO 20MG TABLET	25	81.1%	81.2%	1.8%	0.6393	0.7882	4,260	193,130	0.05%
62175010701	ISOSORBIDE MN 20MG TABLET	27	49.6%	50.1%	4.6%	0.3114	0.6285	7,537	270,098	0.08%
00364266701	KETOPROFEN 200MG CAPSULE SA	17	63.9%	64.5%	5.6%	1.5902	2.4900	4,183	283,354	0.08%

# Acquisition Cost Summary Multi-Source Drug Products without an FUL Price Louisiana Medicaid

NDC Number	Description	Number of Observations	Weighted Average	Raw Average	Standard Deviation	Average Actual Acquisition Cost	AWP	Number of Rx's	Reimbursed	Percent of Medicaid Volume
A	B	C	D	E	F	G	H	I	J	K
58177030104	KETOROLAC 10MG TABLET	21	50.1%	50.1%	11.2%	0.5669	1.1323	4,725	129,919	0.04%
00245004115	KLOR-CON 10MEQ TABLET SA	8	28.5%	27.2%	10.5%	0.0506	0.1778	10,921	118,662	0.03%
00173024275	LANOXIN 0.125MG TABLET	22	84.6%	84.6%	1.5%	0.1257	0.1486	62,814	507,475	0.14%
00173024975	LANOXIN 0.25MG TABLET	14	83.6%	83.6%	3.6%	0.1242	0.1486	34,568	283,526	0.08%
00046078781	LODINE 500MG TABLET	9	79.8%	79.8%	2.6%	1.2340	1.5455	1,860	131,917	0.04%
00781126210	LONOX TABLET	2	49.1%	49.1%	2.2%	0.1858	0.3783	6,383	87,463	0.02%
50474090916	LORTAB ELIXIR	13	77.9%	79.0%	1.4%	0.0970	0.1245	13,201	315,124	0.09%
38245010708	MEBENDAZOLE 100MG TAB CHEW	13	68.7%	68.1%	3.7%	3.2394	4.7179	4,380	83,203	0.02%
00089030202	MINITRAN 0.2MG/HR PATCH	10	47.0%	47.6%	20.9%	0.7114	1.5140	2,117	84,901	0.02%
00089030302	MINITRAN 0.4MG/HR PATCH	9	38.1%	36.4%	13.5%	0.6421	1.8860	1,913	83,934	0.02%
00091352001	MONOKET 20MG TABLET	10	71.3%	71.9%	11.8%	0.5460	0.7655	2,408	107,901	0.03%
00045044804	MOTRIN 100MG/5ML SUSPENSION	4	82.1%	83.6%	2.8%	0.0465	0.0567	13,154	158,487	0.04%
00045044816	MOTRIN 100MG/5ML SUSPENSION	5	84.0%	84.0%	0.8%	0.0398	0.0474	26,104	317,152	0.09%
00034051710	MS CONTIN 100MG TABLET SA	2	80.2%	80.2%	0.3%	4.1790	5.2094	302	121,231	0.03%
00034051510	MS CONTIN 30MG TABLET SA	3	82.5%	82.5%	1.8%	1.5125	1.8333	1,313	144,462	0.04%
58177030304	NAPROXEN 500MG TABLET EC	24	58.5%	58.9%	9.1%	0.6671	1.1404	4,694	227,622	0.06%
58177023211	NATALCARE CAPLET	15	51.8%	51.3%	12.3%	0.1183	0.2281	4,288	83,424	0.02%
00364737454	NEO/POLYMYXIN/HC EAR SUSP	25	25.5%	25.4%	5.6%	0.3462	1.3578	5,416	77,763	0.02%
54391100201	NEPHRO-VITE RX TABLET	5	67.0%	74.3%	16.6%	0.3458	0.5159	4,136	84,371	0.02%
00085331030	NITRO-DUR 0.2MG/HR PATCH	22	81.3%	81.7%	4.1%	1.2336	1.5167	2,542	115,920	0.03%
00085332030	NITRO-DUR 0.4MG/HR PATCH	13	81.9%	82.3%	4.4%	1.3919	1.6997	2,170	106,801	0.03%
00378910493	NITROGLYCERIN .2MG/HR PATCH	36	37.1%	37.3%	5.1%	0.5488	1.4773	6,964	296,681	0.08%
00378911293	NITROGLYCERIN .4MG/HR PATCH	33	38.2%	38.9%	7.6%	0.6455	1.6910	4,546	206,682	0.06%
00071057024	NITROSTAT 0.4MG TABLET SL	52	83.8%	84.1%	1.3%	0.0672	0.0802	11,079	116,081	0.03%
00071057013	NITROSTAT 0.4MG TABLET SL	30	84.0%	84.2%	1.6%	0.1528	0.1818	9,999	94,588	0.03%
00310060060	NOLVADEX 10MG TABLET	17	84.9%	84.8%	1.4%	1.4408	1.6967	890	82,508	0.02%
00089022110	NORFLEX 100MG TABLET SA	21	82.8%	82.9%	2.6%	1.4491	1.7509	3,688	220,948	0.06%
00085075204	NORMODYNE 200MG TABLET	24	82.9%	82.7%	4.0%	0.6275	0.7567	2,451	131,343	0.04%
00062179615	ORTHO-CEPT 28 DAY TABLET	15	83.9%	83.9%	2.6%	0.8235	0.9814	2,788	81,484	0.02%
00008069001	ORUVAIL 200MG CAPSULE SA	14	80.9%	80.9%	2.0%	2.3360	2.8890	4,190	333,484	0.09%
00078001705	PARLODEL 2.5MG TABLET	1	83.3%	83.3%	0.0%	1.5618	1.8742	796	92,855	0.03%
38245067250	PENTOXIFYLLINE 400MG TAB SA	7	34.5%	34.6%	6.3%	0.2051	0.5940	6,023	277,968	0.08%
38245067210	PENTOXIFYLLINE 400MG TAB SA	8	42.2%	44.3%	11.6%	0.2506	0.5940	11,613	542,928	0.15%
59911329002	PENTOXIFYLLINE 400MG TAB SA	4	44.5%	50.6%	16.5%	0.2467	0.5546	3,569	154,619	0.04%
00228261111	PENTOXIFYLLINE 400MG TAB SA	25	52.1%	51.2%	6.3%	0.2891	0.5545	3,880	167,596	0.05%

# Acquisition Cost Summary Multi-Source Drug Products without an FUL Price Louisiana Medicaid

NDC Number	Description	Number of Observations	Weighted Average	Raw Average	Standard Deviation	Average Actual Acquisition Cost	Number of			Percent of Medicaid Volume	
							AWP	Rxs	Reimbursed		
A	B	C	D	E	F	G	H	I	J	K	
00378035701	PENTOXIFYLLINE 400MG TAB SA	18	55.9%	55.7%	11.4%	0.3321	0.5940	8,191	366,491	0.10%	
00472006708	PHENYTOIN 125MG/5ML SUSPEN	2	89.9%	89.9%	0.0%	0.1123	0.1249	2,418	85,290	0.02%	
24208031510	POLYMYXIN B/TMP EYE DROPS	17	49.6%	53.1%	7.4%	0.8632	1.7420	5,751	120,065	0.03%	
59911589902	POTASSIUM CL 10MEQ CAP SA	13	23.7%	24.4%	4.0%	0.0356	0.1502	9,191	105,392	0.03%	
58177000108	POTASSIUM CL 10MEQ CAP SA	17	34.4%	34.4%	9.9%	0.0518	0.1505	23,403	273,918	0.08%	
00451150008	PRELONE 15MG/5ML SYRUP	10	81.0%	81.1%	1.7%	0.2548	0.3145	9,497	189,158	0.05%	
00451150016	PRELONE 15MG/5ML SYRUP	6	82.9%	82.4%	2.9%	0.2087	0.2516	8,099	129,268	0.04%	
00024173001	PRENATE ULTRA TABLET	20	81.2%	81.2%	1.3%	0.2468	0.3040	3,082	80,140	0.02%	
00006010658	PRINIVIL 10MG TABLET	36	83.6%	83.9%	2.0%	0.7364	0.8812	4,898	154,876	0.04%	
00006020758	PRINIVIL 20MG TABLET	35	83.5%	83.7%	1.2%	0.7867	0.9419	4,473	154,766	0.04%	
00006001958	PRINIVIL 5MG TABLET	14	83.0%	83.2%	2.7%	0.7055	0.8500	2,897	84,043	0.02%	
59676031001	PROCRIT 10000U/ML VIAL	1	85.8%	85.8%	0.0%	103.0000	120.0000	955	709,331	0.20%	
59676030401	PROCRIT 4000U/ML VIAL	1	81.7%	81.7%	0.0%	39.2000	48.0000	615	191,983	0.05%	
00003056915	PROLIXIN DECANOATE 25MG/ML	2	79.8%	79.8%	2.0%	18.6240	23.3400	1,107	115,736	0.03%	
00781285560	RANITIDINE 150MG CAPSULE	3	22.7%	22.9%	0.5%	0.3253	1.4333	1,588	93,893	0.03%	
49502083003	SODIUM CHLORIDE 0.9% VIAL	1	54.6%	54.6%	0.0%	0.0440	0.0807	7,074	169,265	0.05%	
00536112701	SUCRALFATE 1GM TABLET	1	35.4%	35.4%	0.0%	0.2511	0.7092	1,398	75,919	0.02%	
00536112705	SUCRALFATE 1GM TABLET	1	43.6%	43.6%	0.0%	0.3000	0.6885	1,246	71,634	0.02%	
00093221001	SUCRALFATE 1GM TABLET	10	48.7%	48.1%	7.0%	0.3319	0.6820	2,569	137,512	0.04%	
00048107003	SYNTHROID 100MCG TABLET	30	77.5%	78.1%	5.2%	0.2106	0.2718	8,151	101,815	0.03%	
00048107005	SYNTHROID 100MCG TABLET	7	85.2%	85.2%	1.5%	0.1966	0.2309	6,766	75,615	0.02%	
00048113003	SYNTHROID 125MCG TABLET	50	83.2%	83.4%	4.4%	0.2646	0.3180	5,719	79,969	0.02%	
00048104003	SYNTHROID 50MCG TABLET	78	82.3%	82.5%	4.5%	0.1975	0.2400	9,489	109,594	0.03%	
00048105003	SYNTHROID 75MCG TABLET	47	83.0%	83.6%	4.0%	0.2202	0.2652	7,004	85,599	0.02%	
00555044603	TAMOXIFEN 10MG TABLET	15	74.9%	74.9%	3.1%	1.2629	1.6862	2,029	185,113	0.05%	
00555044609	TAMOXIFEN 10MG TABLET	37	76.2%	77.2%	4.1%	1.2853	1.6863	5,056	467,031	0.13%	
00006355803	TIMOPTIC-XE 0.5% EYE SOLN	93	80.8%	81.0%	1.3%	4.6682	5.7750	8,115	238,322	0.07%	
00173034743	TRANDATE 200MG TABLET	18	82.2%	82.4%	2.5%	0.6222	0.7567	2,343	128,351	0.04%	
00039007810	TRENTAL 400MG TABLET SA	30	83.9%	84.0%	1.2%	0.5536	0.6600	3,268	174,223	0.05%	
00781205610	TRIAMTERENE/HCTZ 37.5/25 CP	1	41.6%	41.6%	0.0%	0.1500	0.3607	6,397	86,350	0.02%	
00781205601	TRIAMTERENE/HCTZ 37.5/25 CP	10	41.7%	51.1%	11.7%	0.1567	0.3753	5,597	79,246	0.02%	
00008253601	TRIPHASIL-28 TABLET	86	79.9%	80.8%	1.8%	0.7837	0.9810	10,704	298,538	0.08%	
00281736339	TYMPAGESIC EAR DROPS	17	81.5%	82.1%	2.9%	0.9507	1.1669	5,038	93,665	0.03%	
58177029204	ULTRA NATALCARE TABLET	15	49.1%	49.6%	9.9%	0.1212	0.2471	5,009	116,117	0.03%	
00682033301	URIMAR-T TABLET	33	88.6%	88.5%	5.5%	0.2711	0.3060	5,434	88,170	0.02%	



# Acquisition Cost Summary

## Multi-Source Drug Products without an FUL Price

### Louisiana Medicaid

NDC Number	Description	Number of Observations	Weighted Average	Raw Average	Standard Deviation	Average Actual Acquisition Cost	AWP	Number of Rx's	Reimbursed	Percent of Medicaid Volume
A	B	C	D	E	F	G	H	I	J	K
00085064902	VANCENASE 42MCG POCKETHALER	29	81.6%	83.6%	4.3%	4.5063	5.5223	3,245	132,468	0.04%
00085073604	VANCERIL INHALER	36	83.2%	83.6%	3.1%	1.8638	2.2399	6,513	260,798	0.07%
50474031622	VICON FORTE CAPSULE	8	79.7%	79.6%	1.1%	0.3651	0.4582	5,892	110,677	0.03%
00555083302	WARFARIN SODIUM 5MG TABLET	21	63.4%	63.4%	4.2%	0.3595	0.5675	4,146	85,579	0.02%
00072810045	WESTCORT 0.2% CREAM	20	83.3%	83.8%	1.5%	0.5456	0.6561	3,708	118,533	0.03%
00072810015	WESTCORT 0.2% CREAM	35	84.3%	84.7%	1.3%	0.8026	0.9521	7,783	155,418	0.04%
00173042800	ZANTAC 150MG GELDOSE CAP	12	84.5%	84.5%	1.4%	1.4013	1.6588	1,968	140,643	0.04%
00310014210	ZESTORETIC 20/12.5 TABLET	20	85.6%	85.6%	2.8%	0.9086	1.0619	2,222	80,035	0.02%
00310014510	ZESTORETIC 20/25 TABLET	14	85.8%	85.8%	2.1%	0.9226	1.0751	2,245	77,747	0.02%
00310013110	ZESTRIL 10MG TABLET	55	85.2%	85.2%	2.0%	0.7486	0.8792	10,830	338,029	0.10%
00310013210	ZESTRIL 20MG TABLET	60	86.0%	86.0%	2.3%	0.8092	0.9410	9,901	339,367	0.10%
00310013410	ZESTRIL 40MG TABLET	15	86.5%	86.5%	2.4%	1.1888	1.3746	2,144	96,613	0.03%
00310013010	ZESTRIL 5MG TABLET	28	85.8%	85.9%	2.8%	0.7299	0.8504	5,753	164,658	0.05%
<b>Total for Selected Drug Products</b>										<b>8.33%</b>
<b>Total - All Drugs Reimbursed by Louisiana Medicaid - Calendar Year 1998</b>										
								<b>986,974</b>	<b>29,599,814</b>	
								<b>10,319,500</b>	<b>355,179,537</b>	

### Explanation of Columns

- A: National Drug Code Number  
 B: Product Description  
 C: Number of invoice line items matched.  
 D: Average acquisition cost as a percent of AWP weighted by quantity purchased (e.g. an invoice line item with a purchase of 10 packages of a particular product would be weighted the same as 10 individual purchases.)  
 E: Raw average acquisition cost as a percent of AWP (each invoice line item weighted identically.)  
 F: Standard deviation of acquisition cost as a percent of AWP for each invoice line item.  
 G: Average acquisition cost per unit observed in the invoices.  
 H: Average of May 1998 and November 1998 AWP per unit weighted by quantity purchased.  
 I: Number of prescriptions reimbursed by Louisiana Medicaid in calendar year 1998.  
 J: Medicaid expenditures in calendar year 1998.  
 K: Percent of total Medicaid drug expenditures in calendar year 1998.

# **Average Discount from AWP by Pharmacy** **Multi-Source Drug Products with an FUL Price**

Exhibit 19

Assigned Number	Chain	Urban	Number of Observations	Average Acquisition Cost
A	B	C	D	E
5473	X		11	18.2%
4037			15	18.2%
5635		X	36	18.2%
5060	X	X	26	19.6%
3499		X	14	20.1%
0825			17	20.5%
2823		X	8	21.0%
4652	X	X	9	21.4%
9876		X	26	21.8%
1609	X	X	62	22.0%
0675			17	22.8%
4962		X	18	23.1%
0835	X	X	27	23.4%
9470	X	X	61	23.8%
6592	X	X	29	24.1%
6163			26	24.3%
6638		X	7	24.6%
7323		X	50	24.8%
1351	X	X	61	25.2%
0958			25	25.5%
8547		X	32	25.6%
5154	X	X	105	26.4%
3637			24	26.5%
3531	X	X	28	26.7%
2543			23	27.7%
7004	X	X	118	27.7%
7934		X	6	28.6%
3016	X	X	91	29.6%
9567	X	X	90	30.1%
5664	X	X	97	30.2%
8355	X	X	89	31.1%
8735		X	30	31.1%
6101	X	X	148	31.6%
2196			36	32.8%
0192			24	33.4%
2179			33	33.8%
3926	X	X	24	33.9%
7970	X	X	25	35.9%
3593	X	X	36	37.0%
8663			15	39.7%
5737		X	11	49.6%
Number of Stores				41
Average				27.1%
Standard Deviation				6.5%
Maximum				49.6%
Minimum				18.2%

Note: Only pharmacies with three or more observations are displayed.

## **Explanation of Columns**

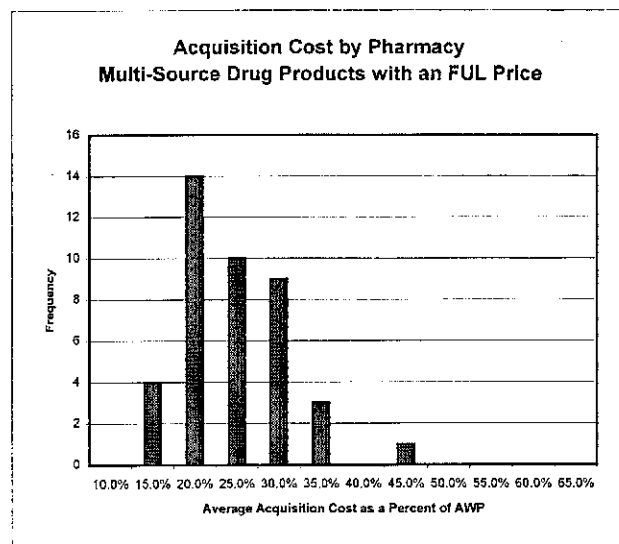
**A.** Random number assigned to pharmacy

**B.** An "X" in this column indicates that the pharmacy was part of a chain organization of more than 15 stores.

**C.** An "X" in this column indicates that the pharmacy is located in an urban area. Each pharmacy's zip code was used to determine the county in which it was located. Counties in a Metropolitan Statistical Area as used by the Health Care Finance Administration were considered urban.

**D.** Number of invoice line items that matched the list of 600 high volume drugs.

**E.** Average acquisition cost as a percent of AWP. The average for each pharmacy was weighted by Louisiana Medicaid volume.





# **Acquisition Cost Summary** **Multi-Source Drug Products with an FUL Price** **Louisiana Medicaid**

NDC Number	Description	Number of Observations	Average Actual Acquisition Cost	Average Acquisition Cost as a Percent of AWP	Average Acquisition Cost as a Percent of FUL Price	Number of Rx's	Reimbursed	Percent of Medicaid Volume		
A	B	C	D	E	F	G	H	I	J	K
00093015010	ACETAMINOPHEN/COD #3 TABLET	4	0.0433	0.1348	32.1%	0.0775	55.9%	16,803	71,611	0.02%
59930150006	ALBUTEROL .83MG/ML SOLUTION	1	0.0981	0.4033	24.6%	0.1990	49.8%	2,455	149,626	0.04%
00472083123	ALBUTEROL .83MG/ML SOLUTION	2	0.0927	0.4033	23.0%	0.1990	46.6%	5,291	127,056	0.04%
49502069760	ALBUTEROL .83MG/ML SOLUTION	6	0.0908	0.4033	22.5%	0.1990	45.6%	3,662	128,542	0.04%
49502069703	ALBUTEROL .83MG/ML SOLUTION	8	0.0952	0.4033	23.6%	0.1990	47.8%	14,417	72,376	0.02%
59930150008	ALBUTEROL .83MG/ML SOLUTION	68	0.1000	0.4033	24.8%	0.1990	50.3%	23,359	80,071	0.02%
5972617502	ALBUTEROL 90MCG INHALER	16	0.1753	1.2603	13.9%	0.4394	39.9%	5,577	266,908	0.08%
59930156001	ALBUTEROL 90MCG INHALER	93	0.1859	1.2594	14.8%	0.4394	42.3%	57,550	98,947	0.03%
00172439018	ALBUTEROL 90MCG INHALER	29	0.2461	1.2935	19.0%	0.4394	56.0%	15,589	200,544	0.06%
59930151005	ALBUTEROL SULF 2MG/5ML SYRP	28	0.0050	0.0516	9.8%	0.0111	45.0%	28,514	228,311	0.06%
000930066116	ALBUTEROL SULF 2MG/5ML SYRP	12	0.0092	0.0590	15.5%	0.0111	82.9%	18,781	131,087	0.04%
00093415580	AMOXICILLIN 250MG/5ML SUSP	7	0.0071	0.0474	15.0%	0.0185	38.4%	11,031	84,253	0.02%
00093310905	AMOXICILLIN 500MG CAPSULE	5	0.0417	0.3690	11.3%	0.2294	18.2%	7,784	72,940	0.02%
55953071670	AMOXICILLIN 500MG CAPSULE	8	0.0558	0.2215	25.2%	0.2913	19.2%	8,875	164,786	0.05%
00029600822	AMOXIL 125MG/5ML SUSPENSION	24	0.0082	0.0237	34.6%	0.0129	63.6%	10,600	103,532	0.03%
00029600922	AMOXIL 250MG/5ML SUSPENSION	48	0.0128	0.0407	31.5%	0.0185	69.2%	16,980	224,124	0.06%
00029600732	AMOXIL 500MG CAPSULE	7	0.0989	0.3798	26.0%	0.2294	43.1%	9,824	1,077,921	0.30%
00378037001	BUMETANIDE 1MG TABLET	24	0.1767	0.4003	44.2%	0.2037	86.7%	8,236	206,951	0.06%
00378041701	BUMETANIDE 2MG TABLET	13	0.2505	0.6776	37.0%	0.3035	82.5%	4,336	95,552	0.03%
00093010901	CARBAMAZEPINE 200MG TABLET	5	0.0590	0.2960	19.9%	0.1275	46.3%	4,588	160,430	0.05%
00364047505	CARISOPRODOL 350MG TABLET	22	0.0275	0.1390	19.8%	0.0588	46.8%	15,488	151,164	0.04%
00364047502	CARISOPRODOL 350MG TABLET	4	0.0288	0.1125	25.6%	0.0588	49.0%	9,184	460,472	0.13%
00378761006	CEFACTOR 250MG/5ML SUSPEN	6	0.1107	0.3453	32.0%	0.2506	44.2%	3,640	207,671	0.06%
00378761202	CEFACTOR 375MG/5ML SUSPEN	16	0.1705	0.5180	32.9%	0.3692	46.2%	2,492	205,304	0.06%
00172405860	CEFADROXIL 500MG CAPSULE	6	1.4021	2.8756	48.8%	2.7672	50.7%	4,512	304,301	0.09%
00093417774	CEPHELEXIN 250MG/5ML SUSPEN	26	0.0164	0.1251	13.1%	0.0315	52.1%	6,291	159,353	0.04%
00093314705	CEPHELEXIN 500MG CAPSULE	22	0.1019	1.1139	9.2%	0.2602	39.2%	12,390	88,391	0.02%
55953011470	CEPHELEXIN 500MG CAPSULE	16	0.0909	0.7202	12.6%	0.2483	36.6%	14,782	70,979	0.02%
00093030801	CLEMASTINE FUM 2.68MG TAB	8	0.1971	0.8608	22.9%	0.3675	53.6%	4,737	103,878	0.03%
00093083201	CLONAZEPAM 0.5MG TABLET	30	0.1820	0.7076	25.7%	0.6901	26.4%	11,228	171,459	0.05%
00093083301	CLONAZEPAM 1MG TABLET	17	0.2047	0.8071	25.4%	0.9826	20.6%	7,117	147,598	0.04%
00228300411	CLONAZEPAM 1MG TABLET	12	0.2171	0.7971	27.2%	0.9926	21.9%	1,601	77,032	0.02%
00093083401	CLONAZEPAM 2MG TABLET	4	0.2515	1.1185	22.5%	1.3754	18.3%	2,002	105,283	0.03%
00378015210	CLONIDINE HCL 0.1MG TABLET	8	0.0088	0.1620	5.5%	0.0240	36.7%	15,456	83,540	0.02%
00378018610	CLONIDINE HCL 0.2MG TABLET	9	0.0096	0.2580	3.7%	0.0270	35.6%	10,338	135,350	0.04%

# Acquisition Cost Summary Multi-Source Drug Products with an FUL Price Louisiana Medicaid

NDC Number	Description	Observations	Average Actual Acquisition Cost	AWP	Average Acquisition Cost as a Percent of AWP	FUL Price	Average Acquisition Cost as a Percent of FUL Price	Number of Rx's	Reimbursed Volume	Percent of Medicaid
A	B	C	D	E	F	G	H	I	J	K
00378003001	CLORAZEPATE 3.75MG TABLET	17	0.5904	1.0374	56.9%	1.0363	57.0%	2,421	145,766	0.04%
00378004005	CLORAZEPATE 7.5MG TABLET	1	0.7936	1.2647	62.7%	1.2894	61.5%	2,291	100,454	0.03%
00378004001	CLORAZEPATE 7.5MG TABLET	21	0.7289	1.2905	56.5%	1.2894	56.5%	3,001	238,526	0.07%
00472135832	CONSTULOSE 10GM/15ML SYRUP	5	0.0122	0.0575	21.3%	0.0228	53.5%	8,073	1,090,884	0.31%
00472075516	CYPROHEPTADINE 2MG/5ML SYRUP	5	0.0083	0.0208	40.1%	0.0133	62.4%	9,583	96,905	0.03%
00074568216	DEPAKENE 250MG/5ML SYRUP	5	0.2591	0.3128	82.8%	0.0594	436.2%	1,265	200,855	0.06%
00781178901	DICLOFENAC 75MG TABLET EC	20	0.2979	1.0982	27.1%	0.9219	32.3%	2,020	135,622	0.04%
00032160278	DUPHALAC 10GM/15ML SYRUP	16	0.0137	0.0572	24.0%	0.0228	60.1%	12,176	295,288	0.08%
00472136016	ENULOSE 10GM/15ML SYRUP	22	0.0100	0.0611	16.3%	0.0228	43.9%	16,795	115,943	0.03%
59911360701	ETODOLAC 300MG CAPSULE	4	0.2836	1.2523	22.6%	0.5932	47.8%	1,865	310,444	0.09%
59911360801	ETODOLAC 400MG TABLET	21	0.2587	1.3237	19.5%	0.5823	44.4%	4,932	71,807	0.02%
00228259911	ETODOLAC 400MG TABLET	12	0.2607	1.2489	20.9%	0.5823	44.8%	1,843	255,865	0.07%
00054429731	FUROSEMIDE 20MG TABLET	1	0.0063	0.0361	17.5%	0.0210	30.0%	11,223	98,320	0.03%
00378020810	FUROSEMIDE 20MG TABLET	10	0.0075	0.0819	9.1%	0.0210	35.7%	24,752	251,132	0.07%
00378021610	FUROSEMIDE 40MG TABLET	15	0.0095	0.0936	10.2%	0.0254	37.4%	31,101	139,641	0.04%
00172290780	FUROSEMIDE 40MG TABLET	6	0.0094	0.0694	13.5%	0.0254	37.0%	13,674	144,774	0.04%
52544030110	FUROSEMIDE 40MG TABLET	3	0.0120	0.0611	19.6%	0.0254	47.2%	20,813	95,578	0.03%
52544044401	GUANFACINE 1MG TABLET	14	0.3216	0.7058	45.6%	0.6293	51.1%	4,906	80,224	0.02%
52544045301	GUANFACINE 2MG TABLET	8	0.4675	0.9677	48.3%	0.8843	52.9%	2,519	78,108	0.02%
52544050301	HYDROCODONE/APAP 10/550 TAB	19	0.1405	0.5078	27.7%	0.2402	58.5%	5,698	204,476	0.06%
00603388128	HYDROCODONE/APAP 5/500 TAB	11	0.0237	0.2638	9.0%	0.0491	48.3%	14,104	136,249	0.04%
52544034905	HYDROCODONE/APAP 5/500 TAB	12	0.0265	0.1955	13.5%	0.0491	54.0%	20,104	192,336	0.05%
52544038505	HYDROCODONE/APAP 7.5/500 TB	9	0.0893	0.3355	26.6%	0.2044	43.7%	8,584	151,436	0.04%
52544038501	HYDROCODONE/APAP 7.5/500 TB	51	0.1139	0.3797	30.0%	0.2017	56.5%	16,664	101,048	0.03%
52544038705	HYDROCODONE/APAP 7.5/750 TB	23	0.0756	0.3311	22.8%	0.1565	47.7%	13,976	159,031	0.04%
52544038701	HYDROCODONE/APAP 7.5/750 TB	24	0.1046	0.3544	29.5%	0.1549	67.5%	8,482	71,534	0.02%
38245077410	HYDROXYCHLOROQUINE 200MG TB	10	0.3789	1.1735	32.3%	0.7763	48.8%	2,266	81,653	0.02%
59762738002	IBUPROFEN 800MG TABLET	15	0.0321	0.2638	12.2%	0.0563	57.0%	13,428	501,939	0.14%
00378032105	LORAZEPAM 0.5MG TABLET	1	0.2225	0.6252	35.6%	0.5088	43.7%	4,656	238,232	0.07%
00781140305	LORAZEPAM 0.5MG TABLET	4	0.2472	0.6252	39.5%	0.5088	48.6%	2,569	688,641	0.19%
00378032101	LORAZEPAM 0.5MG TABLET	18	0.2906	0.6431	45.2%	0.5088	57.1%	3,284	91,962	0.03%
00378045710	LORAZEPAM 1MG TABLET	3	0.3028	0.7967	38.0%	0.6884	45.3%	5,359	332,123	0.09%
00378045701	LORAZEPAM 1MG TABLET	3	0.3637	0.8377	43.4%	0.6884	54.4%	2,137	87,942	0.02%
00378045705	LORAZEPAM 1MG TABLET	4	0.3846	0.8105	47.5%	0.6884	57.5%	3,779	400,345	0.11%
00378077701	LORAZEPAM 2MG TABLET	13	0.5803	1.2211	47.5%	0.9910	58.6%	1,567	109,376	0.03%

**Acquisition Cost Summary**  
**Multi-Source Drug Products with an FUL Price**  
**Louisiana Medicaid**

NDC Number	Description	Number of Observations	Average Actual		Average Acquisition Cost as a		Average Acquisition Cost as a		Number of Rx's	Reimbursed	Percent of Medicaid Volume
			Cost	Acquisition	AWP	Percent of AWP	FUL Price	FUL Price			
A	B	C	D	E	F	G	H	I	J	K	
43567053012	METHYLPHENIDATE 10MG TABLET	1	0.2718	0.4627	58.7%	0.4023	67.6%	2,441	104,326	0.03%	
59772884101	METHYLPHENIDATE 10MG TABLET	2	0.2858	0.4715	60.6%	0.4023	71.0%	4,015	91,238	0.03%	
59772884103	METHYLPHENIDATE 10MG TABLET	2	0.2471	0.4592	53.8%	0.4023	61.4%	2,575	72,215	0.02%	
00364047901	METHYLPHENIDATE 10MG TABLET	3	0.2793	0.4431	63.0%	0.4023	69.4%	4,772	89,450	0.03%	
59772884301	METHYLPHENIDATE 20MG TAB SA	6	0.7355	1.0565	69.6%	0.5886	125.0%	3,956	75,753	0.02%	
59772884001	METHYLPHENIDATE 5MG TABLET	3	0.2229	0.3303	67.5%	0.2877	77.5%	2,943	94,371	0.03%	
00364056101	METHYLPHENIDATE 5MG TABLET	10	0.2105	0.3098	67.9%	0.2877	73.2%	3,724	194,459	0.05%	
51285030121	METHYLPREDNISOLONE 4MG TAB	85	0.2123	0.5238	40.5%	0.4436	47.9%	8,587	141,073	0.04%	
00172213160	NITROFURANTOIN MCR 100MG CP	5	0.3940	1.1384	34.6%	0.8184	48.1%	2,474	148,669	0.04%	
50111045601	OXYBUTYRIN 5MG TABLET	28	0.0747	0.3859	19.4%	0.1499	49.8%	4,501	123,480	0.03%	
00472150416	PROMETHAZINE 6.25MG/5ML SYR	11	0.0042	0.0149	28.3%	0.0073	57.5%	12,141	106,980	0.03%	
00378115505	PROPOXY-N/APAP 100-650 TAB	13	0.0373	0.3190	11.7%	0.0638	58.5%	9,331	106,285	0.03%	
00378015505	PROPOXY-N/APAP 100-650 TAB	21	0.0450	0.3190	14.1%	0.0638	70.5%	30,581	77,583	0.02%	
00093089005	PROPOXY-N/APAP 100-650 TAB	14	0.0466	0.3011	15.5%	0.0638	73.0%	25,816	83,066	0.02%	
55953054480	RANITIDINE 150MG TABLET	1	0.0936	1.4800	6.3%	0.5914	15.8%	5,622	94,617	0.03%	
60505002508	RANITIDINE 150MG TABLET	1	0.0987	1.4800	6.7%	0.5914	16.7%	3,850	189,188	0.05%	
60505002504	RANITIDINE 150MG TABLET	6	0.0989	1.4800	4.7%	0.5914	11.7%	3,561	70,795	0.02%	
55953054440	RANITIDINE 150MG TABLET	7	0.1014	1.4800	6.9%	0.5914	17.1%	4,579	74,672	0.02%	
55953054435	RANITIDINE 150MG TABLET	26	0.1158	1.4800	7.8%	0.5914	19.6%	21,090	77,911	0.02%	
00378325205	RANITIDINE 150MG TABLET	7	0.1243	1.4878	8.4%	0.5914	21.0%	5,022	123,846	0.03%	
55953054470	RANITIDINE 150MG TABLET	3	0.1390	1.4800	9.4%	0.5914	23.5%	9,900	72,061	0.02%	
00781188360	RANITIDINE 150MG TABLET	11	0.1522	1.4800	10.3%	0.5914	25.7%	6,343	117,847	0.03%	
55953054727	RANITIDINE 300MG TABLET	15	0.5246	2.6867	19.5%	1.1143	47.1%	1,588	103,334	0.03%	
00083000330	RITALIN 10MG TABLET	18	0.4474	0.5328	84.0%	0.4023	111.2%	6,711	94,832	0.03%	
00083003430	RITALIN 20MG TABLET	6	0.6475	0.7697	84.1%	0.5886	110.0%	2,410	163,040	0.05%	
00093000730	RITALIN 5MG TABLET	12	0.3247	0.3720	87.3%	0.2877	112.9%	3,940	121,251	0.03%	
00083001630	RITALIN-SR 20MG TABLET SA	8	1.0088	1.1954	84.4%	0.5886	171.4%	2,685	74,092	0.02%	
00064279525	ROXILOX 500/5 CAPSULE	5	0.1937	0.5019	38.6%	0.2919	66.4%	5,279	91,955	0.03%	
59911325401	SELEGILINE HCL 5MG TABLET	7	0.3514	2.0404	17.2%	0.9813	35.8%	1,722	165,169	0.05%	
00093008905	SULFAMETHOXAZOLE/TMP DS TAB	19	0.0527	0.4072	13.0%	0.0893	59.0%	20,661	155,950	0.04%	
00472128516	SULFATRIM SUSPENSION	17	0.0122	0.0271	45.2%	0.0192	63.5%	12,050	116,276	0.03%	
00083005230	TEGRETOL 100MG TABLET CHEW	14	0.1820	0.2196	82.9%	0.1467	124.1%	2,720	150,679	0.04%	
00083002730	TEGRETOL 200MG TABLET	30	0.3563	0.4231	84.2%	0.1275	279.5%	5,048	74,984	0.02%	
50111044101	TRAZODONE 150MG TABLET	17	0.1865	0.9445	19.8%	0.4943	37.7%	3,903	89,843	0.03%	
00781103601	TRIFLUOPERAZINE 10MG TABLET	1	0.2299	1.5224	15.1%	0.7133	32.2%	1,566	174,670	0.05%	

# **Acquisition Cost Summary** **Multi-Source Drug Products with an FUL Price** **Louisiana Medicaid**

NDC Number	Description	Number of Observations	Average Actual Acquisition Cost	AWP	Average Acquisition Cost as a Percent of AWP	FUL Price	Average Acquisition Cost as a Percent of FUL Price	Number of Rx's	Reimbursed	Percent of Medicaid Volume
A	B	C	D	E	F	G	H	I	J	K
00781103401	TRIFLUOPERAZINE 5MG TABLET	3	0.2340	1.0098	23.2%	0.5631	41.6%	2,370	170,562	0.05%
00003173745	TRIMOX 125MG/5ML SUSPENSION	22	0.0062	0.0274	22.6%	0.0129	48.1%	19,754	86,377	0.02%
00003173845	TRIMOX 250MG/5ML SUSPENSION	34	0.0091	0.0471	18.4%	0.0185	49.2%	29,787	439,853	0.12%
00003010960	TRIMOX 500MG CAPSULE	22	0.0516	0.3806	13.6%	0.2581	20.0%	13,368	296,542	0.08%
00172428660	VERAPAMIL 180MG TABLET SA	27	0.1441	1.0863	13.3%	0.2888	49.9%	4,262	149,315	0.04%
00172428070	VERAPAMIL 240MG TABLET SA	16	0.1244	1.1965	10.4%	0.3113	40.0%	10,063	255,363	0.07%
00173034414	ZANTAC 150MG TABLET	1	1.4765	1.7202	85.8%	0.5914	249.7%	2,011	142,953	0.04%
00173034442	ZANTAC 150MG TABLET	31	1.4402	1.7202	83.7%	0.5914	243.5%	5,762	116,497	0.03%
<b>Total for Selected Drug Products</b>									<b>1,032,904</b>	<b>19,264,934</b>
<b>Total - All Drugs Reimbursed by Louisiana Medicaid - Calendar Year 1998</b>									<b>10,319,500</b>	<b>355,179,537</b>

## **Explanation of Columns**

- A:** National Drug Code Number  
**B:** Product Description  
**C:** Number of invoice line items matched.  
**D:** Average acquisition cost per unit observed in the invoices.  
**E:** Average of May 1998 and November 1998 AWP per unit weighted by quantity purchased.  
**F:** Average acquisition cost as a percent of AWP weighted by quantity purchased (e.g. an invoice line item with a purchase of 10 packages of a particular product would be weighted the same as 10 individual purchases.)  
**G:** Average of May 1998 and November 1998 FUL price per unit weighted by quantity purchased.  
**H:** Average acquisition cost as a percent of the FUL price weighted by quantity purchased (e.g. an invoice line item with a purchase of 10 packages of a particular product would be weighted the same as 10 individual purchases.)  
**I:** Number of prescriptions reimbursed by Louisiana Medicaid in calendar year 1998.  
**J:** Medicaid expenditures in calendar year 1998.  
**K:** Percent of total Medicaid drug expenditures in calendar year 1998.

# Acquisition Cost Summary

## Multi-Source Drug Products with an LMAC Price

### Louisiana Medicaid

NDC Number	Description	Average Actual			Average Acquisition			Percent of Medicaid Volume
		Number of Observations	Acquisition Cost	LMAC Price	Cost as a Percent of the LMAC Price	Number of Rx's	Reimbursed	
A	B	C	D	E	F	G	H	I
00093015010	ACETAMINOPHEN/COD #3 TABLET	4	0.0433	0.0977	44.3%	16,803	123,490	0.03%
00472141916	ACETAMINOPHEN/COD ELIXIR	10	0.0092	0.12495	7.4%	11,624	107,824	0.03%
59772617502	ALBUTEROL 90MCG INHALER	16	0.1753	1.26899	13.8%	5,577	100,454	0.03%
59930156001	ALBUTEROL 90MCG INHALER	93	0.1859	1.27285	14.6%	57,550	1,090,884	0.31%
00172439018	ALBUTEROL 90MCG INHALER	29	0.2461	1.26677	19.4%	15,589	310,444	0.09%
59930151005	ALBUTEROL SULF 2MG/5ML SYRP	28	0.005	0.05672	8.9%	28,514	207,671	0.06%
00093066116	ALBUTEROL SULF 2MG/5ML SYRP	12	0.0092	0.05672	16.1%	18,781	135,622	0.04%
00093415580	AMOXICILLIN 250MG/5ML SUSP	7	0.0071	0.046	15.5%	11,031	96,905	0.03%
00093310905	AMOXICILLIN 500MG CAPSULE	5	0.0417	0.306	13.6%	7,784	88,391	0.02%
55953071670	AMOXICILLIN 500MG CAPSULE	8	0.0558	0.306	18.2%	8,875	91,962	0.03%
00029600822	AMOXIL 125MG/5ML SUSPENSION	24	0.0082	0.0277	29.5%	10,600	77,583	0.02%
00029600922	AMOXIL 250MG/5ML SUSPENSION	48	0.0128	0.046	27.9%	16,980	141,073	0.04%
00029600732	AMOXIL 500MG CAPSULE	7	0.0989	0.306	32.3%	9,824	109,376	0.03%
00093010901	CARBAMAZEPINE 200MG TABLET	5	0.059	0.268	22.0%	4,588	80,224	0.02%
00364047505	CARISOPRODOL 350MG TABLET	22	0.0275	0.1236	22.2%	15,488	144,774	0.04%
00364047502	CARISOPRODOL 350MG TABLET	4	0.0288	0.1236	23.3%	9,184	87,942	0.02%
00378761006	CEFACLOX 250MG/5ML SUSPEN	6	0.1107	0.33826	32.7%	3,640	148,669	0.04%
00378761202	CEFACLOX 375MG/5ML SUSPEN	16	0.1705	0.5074	33.6%	2,492	106,285	0.03%
00172405860	CEFADROXIL 500MG CAPSULE	6	1.4021	1.88305	74.5%	4,512	165,169	0.05%
00093417774	CEPHALEXIN 250MG/5ML SUSPEN	26	0.0164	0.116	14.1%	6,291	77,032	0.02%
55953011470	CEPHALEXIN 500MG CAPSULE	16	0.0909	1.11	8.2%	14,782	171,459	0.05%
00093314705	CEPHALEXIN 500MG CAPSULE	22	0.1019	1.11	9.2%	12,390	151,164	0.04%
00093030801	CLEMASTINE FUM 2.68MG TAB	8	0.1971	0.825	23.9%	4,737	71,534	0.02%
00378015210	CLONIDINE HCL 0.1MG TABLET	8	0.0088	0.1039	8.5%	15,456	103,532	0.03%
00378018610	CLONIDINE HCL 0.2MG TABLET	9	0.0096	0.0995	9.6%	10,338	72,940	0.02%

# Acquisition Cost Summary

## Multi-Source Drug Products with an LMAC Price

### Louisiana Medicaid

NDC Number	Description	A	B	C	D	E	F	G	H	I
		Number of Observations	Average Actual Acquisition Cost	LMAC Price	Percent of the LMAC Price	Number of Rx's	Reimbursed	Percent of Medicaid Volume		
00472135832	CONSTULOSE 10GM/15ML SYRUP	5	0.0122	0.05489	22.3%	8,073	204,476	0.06%		
00472075516	CYPROHEPTADINE 2MG/5ML SYRUP	5	0.0083	0.02176	38.3%	9,583	77,911	0.02%		
00074568216	DEPAKENE 250MG/5ML SYRUP	5	0.2591	0.10416	248.7%	1,265	170,562	0.05%		
00781178901	DICLOFENAC 75MG TABLET EC	20	0.2979	1.0985	27.1%	2,020	91,238	0.03%		
00032160278	DUPHALAC 10GM/15ML SYRUP	16	0.0137	0.05489	25.0%	12,176	238,232	0.07%		
00472136016	ENULOSE 10GM/15ML SYRUP	22	0.01	0.05489	18.1%	16,795	295,288	0.08%		
00603388128	HYDROCODONE/APAP 5/500 TAB	11	0.0237	0.2076	11.4%	14,104	95,552	0.03%		
52544034905	HYDROCODONE/APAP 5/500 TAB	12	0.0265	0.2076	12.7%	20,104	135,350	0.04%		
52544038505	HYDROCODONE/APAP 7.5/500 TB	9	0.0893	0.39753	22.5%	8,584	104,326	0.03%		
52544038501	HYDROCODONE/APAP 7.5/500 TB	51	0.1139	0.39753	28.7%	16,664	194,459	0.05%		
52544038705	HYDROCODONE/APAP 7.5/750 TB	23	0.0756	0.39075	19.3%	13,976	159,031	0.04%		
52544038701	HYDROCODONE/APAP 7.5/750 TB	24	0.1046	0.39075	26.8%	8,482	94,371	0.03%		
38245077410	HYDROXYCHLOROQUINE 200MG TB	10	0.3789	1.0955	34.6%	2,266	106,980	0.03%		
59762738002	IBUPROFEN 800MG TABLET	15	0.0321	0.2257	14.2%	13,428	103,878	0.03%		
00245004115	KLOR-CON 10MEQ TABLET SA	8	0.0506	0.1318	38.4%	10,921	118,662	0.03%		
00173024275	LANOXIN 0.125MG TABLET	22	0.1257	0.10874	115.6%	62,814	507,475	0.14%		
00173024975	LANOXIN 0.25MG TABLET	14	0.1242	0.12106	102.6%	34,568	283,526	0.08%		
43567053012	METHYLPHENIDATE 10MG TABLET	1	0.2718	0.4217	64.5%	2,441	80,071	0.02%		
59772884101	METHYLPHENIDATE 10MG TABLET	2	0.2858	0.4217	67.8%	4,015	131,087	0.04%		
59772884103	METHYLPHENIDATE 10MG TABLET	2	0.2471	0.4217	58.6%	2,575	84,253	0.02%		
00364047901	METHYLPHENIDATE 10MG TABLET	3	0.2793	0.4217	66.2%	4,772	150,679	0.04%		
59772884301	METHYLPHENIDATE 20MG TAB SA	6	0.7355	0.8898	82.7%	3,956	174,670	0.05%		
00364056101	METHYLPHENIDATE 5MG TABLET	10	0.2105	0.2961	71.1%	3,724	89,843	0.03%		
59772884001	METHYLPHENIDATE 5MG TABLET	3	0.2229	0.2961	75.3%	2,943	74,984	0.02%		
51285030121	METHYLPREDNISOLONE 4MG TAB	85	0.2123	0.51904	40.9%	8,587	123,846	0.03%		



# Acquisition Cost Summary

## Multi-Source Drug Products with an LMAC Price

### Louisiana Medicaid

NDC Number	Description	Number of Observations	Average Actual Acquisition Cost	LMAC Price	Average Acquisition Cost as a Percent of the LMAC Price	Number of Rx's	Reimbursed	Percent of Medicaid Volume
A	B	C	D	E	F	G	H	I
00089030202	MINITRAN 0.2MG/HR PATCH	10	0.7114	1.39833	50.9%	2,117	84,901	0.02%
00089030302	MINITRAN 0.4MG/HR PATCH	9	0.6421	1.56555	41.0%	1,913	83,934	0.02%
00085331030	NITRO-DUR 0.2MG/HR PATCH	22	1.2336	1.39833	88.2%	2,542	115,920	0.03%
00085332030	NITRO-DUR 0.4MG/HR PATCH	13	1.3919	1.51604	91.8%	2,170	106,801	0.03%
00172213160	NITROFURANTOIN MCR 100MG CP	5	0.394	1.12864	34.9%	2,474	83,066	0.02%
00378910493	NITROGLYCERIN .2MG/HR PATCH	36	0.5488	1.39833	39.2%	6,964	296,681	0.08%
00378911293	NITROGLYCERIN .4MG/HR PATCH	33	0.6455	1.54626	41.7%	4,546	206,662	0.06%
50111045601	OXYBUTYNIN 5MG TABLET	28	0.0747	0.365	20.5%	4,501	71,807	0.02%
00472150416	PROMETHAZINE 6.25MG/5ML SYR	11	0.0042	0.01361	30.9%	12,141	75,753	0.02%
00378115505	PROPOXY-N/APAP 100-650 TAB	13	0.0373	0.2525	14.8%	9,331	70,979	0.02%
00378015505	PROPOXY-N/APAP 100-650 TAB	21	0.045	0.2525	17.8%	30,581	238,526	0.07%
00093089005	PROPOXY-N/APAP 100-650 TAB	14	0.0466	0.2525	18.5%	25,816	200,855	0.06%
00083000330	RITALIN 10MG TABLET	18	0.4474	0.4217	106.1%	6,711	296,542	0.08%
00083003430	RITALIN 20MG TABLET	6	0.6475	0.596	108.6%	2,410	149,315	0.04%
00083000730	RITALIN 5MG TABLET	12	0.3247	0.2961	109.6%	3,940	116,497	0.03%
00083001630	RITALIN-SR 20MG TABLET SA	8	1.0088	0.8898	113.4%	2,685	142,953	0.04%
00054279525	ROXIOX 500/5 CAPSULE	5	0.1937	0.49125	39.4%	5,279	70,795	0.02%
49502083003	SODIUM CHLORIDE 0.9% VIAL	1	0.044	0.08133	54.1%	7,074	169,265	0.05%
00093008905	SULFAMETHOXAZOLE/TMP DS TAB	19	0.0527	0.2873	18.4%	20,661	147,598	0.04%
00472128516	SULFATRIM SUSPENSION	17	0.0122	0.0245	49.9%	12,050	103,334	0.03%
00083005230	TEGRETOL 100MG TABLET CHEW	14	0.182	0.1785	102.0%	2,720	86,377	0.02%
00083002730	TEGRETOL 200MG TABLET	30	0.3563	0.268	133.0%	5,048	255,363	0.07%
50111044101	TRAZODONE 150MG TABLET	17	0.1865	0.885	21.1%	3,903	95,578	0.03%
00003173745	TRIMOX 125MG/5ML SUSPENSION	22	0.0062	0.0277	22.4%	19,754	151,436	0.04%
00003173845	TRIMOX 250MG/5ML SUSPENSION	34	0.0091	0.046	19.9%	29,787	255,865	0.07%



# Acquisition Cost Summary

## Multi-Source Drug Products with an LMAC Price

### Louisiana Medicaid

NDC Number	Description	Number of Observations	Average Actual Acquisition Cost	LMAC Price	Average Acquisition Cost as a Percent of the LMAC Price	Number of Rx's	Reimbursed	Percent of Medicaid Volume
A	B	C	D	E	F	G	H	I
00003010960	TRIMOX 500MG CAPSULE	22	0.0516	0.306	16.9%	13,368	145,766	0.04%
00172428660	VERAPAMIL 180MG TABLET SA	27	0.1441	1.0455	13.8%	4,262	105,283	0.03%
00172428070	VERAPAMIL 240MG TABLET SA	16	0.1244	1.1414	10.9%	10,063	159,353	0.04%
<b>Total for Selected Drug Products</b>								
<b>Total - All Drugs Reimbursed by Louisiana Medicaid - Calendar Year 1998</b>						<b>867,077</b>	<b>12,040,358</b>	<b>3.39%</b>
						<b>10,319,500</b>	<b>355,179,537</b>	

#### Explanation of Columns

A: National Drug Code Number

B: Product Description

C: Number of invoice line items matched.

D: Average acquisition cost per unit observed in the invoices.

E: Average of May 1998 and November 1998 LMAC price per unit weighted by quantity purchased.

F: Average acquisition cost as a percent of the LMAC price weighted by quantity purchased (e.g. an invoice line item with a purchase of 10 packages of a particular product would be weighted the same as 10 individual purchases.)

G: Number of prescriptions reimbursed by Louisiana Medicaid in calendar year 1998.

H: Medicaid expenditures in calendar year 1998.

I: Percent of total Medicaid drug expenditures in calendar year 1998.

# Acquisition Cost Summary

## Multi-Source Drug Products without an FUL or LMAC Price

### Louisiana Medicaid

NDC Number	Description	A	B	C	D	E	F	G	H	I
		Number of Observations	Average Actual Acquisition Cost	Average Acquisition Cost as a Percent of AWP	Number of Rx's	Reimbursed	Percent of Medicaid Volume			
00472008216	ACYCLOVIR 200MG/5ML SUSP	7	0.13130	0.17852	73.6%	2,367	72,172			0.02%
49502019620	ALBUTEROL 5MG/ML SOLUTION	1	0.23950	0.74950	32.0%	3,524	74,667			0.02%
59930151504	ALBUTEROL 5MG/ML SOLUTION	47	0.23200	0.74950	31.0%	24,701	456,208			0.13%
00008257602	ALESSE-28 TABLET	32	0.79120	0.98095	80.7%	3,812	109,300			0.03%
00245014760	AMIODARONE HCL	15	1.28260	2.71114	47.3%	1,221	121,006			0.03%
00245002322	AMLACTIN 12% LOTION	3	0.03430	0.09071	37.8%	3,587	79,243			0.02%
00054408425	AZATHIOPRINE 50MG TABLET	15	0.78520	1.16630	67.3%	2,184	139,339			0.04%
00173031288	BECLOVENT INHALER	15	2.03550	2.41999	84.1%	4,834	205,942			0.06%
00173033602	BECONASE 42MCG INHALER	9	2.01180	2.44213	82.4%	2,024	85,516			0.02%
00173038879	BECONASE AQ 0.042% SPRAY	36	1.40790	1.68288	83.7%	4,978	210,064			0.06%
52544042501	BUTALBITAL COMP/COD #3 CAP	15	0.51350	0.93740	54.8%	2,410	73,214			0.02%
00028015101	CATAFLAM 50MG TABLET	19	1.37800	1.65948	83.0%	7,630	570,536			0.16%
00281428518	CHROMAGEN CAPSULE	11	0.31980	0.40060	79.8%	3,116	72,857			0.02%
58177002611	CHROMA-TINIC CAPSULE	10	0.14770	0.26430	55.9%	4,364	74,004			0.02%
00093030912	CLEMASTINE 0.67MG/5ML SYRUP	1	0.05130	0.16250	31.5%	4,720	101,420			0.03%
38245026807	CLEMASTINE 0.67MG/5ML SYRUP	10	0.04770	0.15791	30.2%	7,067	158,955			0.04%
38245026814	CLEMASTINE 0.67MG/5ML SYRUP	7	0.04540	0.17791	25.5%	11,094	243,841			0.07%
00472085704	CLEMASTINE 0.67MG/5ML SYRUP	3	0.03860	0.16271	23.7%	8,848	193,469			0.05%
00172436060	CLOZAPINE 100MG TABLET	2	2.58760	3.15270	82.1%	703	78,095			0.02%
00078012705	CLOZARIL 100MG TABLET	4	2.96340	3.52260	84.1%	8,440	967,929			0.27%
00078012605	CLOZARIL 25MG TABLET	1	1.14380	1.35960	84.1%	3,451	139,596			0.04%
00008418804	CORDARONE 200MG TABLET	39	2.73410	3.39937	80.4%	3,831	482,513			0.14%
00056016970	COUMADIN 1MG TABLET	23	0.49250	0.59280	83.1%	4,598	109,168			0.03%
00056017670	COUMADIN 2.5MG TABLET	28	0.53350	0.63840	83.6%	8,803	199,710			0.06%
00056017070	COUMADIN 2MG TABLET	32	0.51080	0.61860	82.6%	7,223	178,991			0.05%
00056018870	COUMADIN 3MG TABLET	12	0.53910	0.64080	84.1%	4,202	91,773			0.03%
00056016870	COUMADIN 4MG TABLET	20	0.53970	0.64260	84.0%	4,175	91,575			0.03%
00056017270	COUMADIN 5MG TABLET	64	0.53480	0.64680	82.7%	14,442	338,416			0.10%
49502068912	CROMOLYN NEBULIZER SOLUTION	5	0.20590	0.35000	58.8%	2,443	147,906			0.04%
00070999606	CROMOLYN NEBULIZER SOLUTION	7	0.16690	0.35050	47.6%	1,918	86,718			0.02%

Exhibit 22

# Acquisition Cost Summary

## Multi-Source Drug Products without an FUL or LMAC Price

### Louisiana Medicaid

NDC Number	Description	Number of Observations	Average Actual Acquisition Cost	AWP	Average Acquisition Cost as a Percent of AWP	Number of Rx's	Reimbursed	Percent of Medicaid Volume
A	B	C	D	E	F	G	H	I
49502068902	CROMOLYN NEBULIZER SOLUTION	24	0.16380	0.35000	46.8%	9,738	440,718	0.12%
00052026106	DESOGEN 28 DAY TABLET	42	0.70340	0.84364	83.4%	4,840	121,513	0.03%
00093094801	DICLOFENAC POTASSIUM	4	0.90020	1.49100	60.4%	1,242	74,975	0.02%
00075025200	DILACOR XR 240MG CAPSULE SA	9	1.10610	1.30120	85.0%	2,501	104,577	0.03%
00071221420	DILANTIN 125MG/5ML SUSP	12	0.12220	0.14211	86.0%	11,101	447,148	0.13%
50991020016	DILEX-G LIQUID	2	0.04290	0.05183	82.7%	5,279	76,772	0.02%
52544066401	DILTIAZEM XR 240MG CAP SA	20	0.71330	1.13730	62.7%	3,060	112,641	0.03%
60258037116	DY-G LIQUID	8	0.01970	0.05350	36.9%	4,794	70,933	0.02%
18393025642	EC-NAPROSYN 500MG TABLET EC	8	1.16420	1.37508	84.7%	1,833	111,810	0.03%
39506002260	ELDEPRYL 5MG CAPSULE	8	2.03390	2.45199	83.0%	1,108	129,188	0.04%
00023791560	ELIMITE 5% CREAM	8	0.34360	0.43750	78.5%	5,712	180,395	0.05%
55513014410	EPOGEN 10000U/ML VIAL	1	102.00000	120.00000	85.0%	307	241,668	0.07%
55513014810	EPOGEN 4000U/ML VIAL	1	40.38000	48.00000	84.1%	389	161,963	0.05%
00456067801	ESGIC-PLUS TABLET	27	0.68810	0.81943	84.0%	7,407	194,936	0.05%
00032102601	ESTRATEST TABLET	34	0.80480	1.01627	79.2%	2,586	91,559	0.03%
59762372707	GLYBURIDE 5MG TABLET	1	0.06910	0.44005	15.7%	3,319	86,579	0.02%
55953034480	GLYBURIDE 5MG TABLET	5	0.06790	0.44000	15.4%	3,365	93,836	0.03%
38245036420	GLYBURIDE 5MG TABLET	9	0.05230	0.44065	11.9%	5,490	136,761	0.04%
38245038110	GLYBURIDE MICRO 3MG TABLET	28	0.19110	0.60200	31.7%	6,688	165,983	0.05%
59762378301	GLYBURIDE MICRO 6MG TABLET	10	0.51510	0.89730	57.4%	2,905	126,700	0.04%
55370050607	GLYBURIDE MICRONIZED	5	0.45710	0.89720	50.9%	1,622	71,746	0.02%
00009344901	GLYNASE 6MG PRESTAB	35	0.77740	1.12925	68.8%	5,680	300,831	0.08%
00514000102	GRANULEX SPRAY	3	0.09360	0.15432	60.7%	3,998	86,581	0.02%
00045025446	HALDOL DECANOATE 100 VIAL	5	45.40680	54.05280	84.0%	2,109	503,318	0.14%
60258072016	HYDROCODONE W/APAP ELIXIR	6	0.07120	0.10463	68.1%	4,470	90,637	0.03%
52544054001	HYDROCODONE/APAP 10/500 TAB	36	0.31770	0.49240	64.5%	10,306	221,937	0.06%
00472127016	IBUPROFEN 100MG/5ML SUSP	18	0.02940	0.04214	69.8%	18,259	202,080	0.06%
00085330603	IMDUR 30MG TABLET SA	31	1.04330	1.21970	85.5%	14,017	551,836	0.16%
00085411003	IMDUR 60MG TABLET SA	57	1.08050	1.28367	84.2%	24,614	1,004,905	0.28%
00173059755	IMURAN 50MG TABLET	7	1.13600	1.35096	84.1%	1,005	70,164	0.02%

Myers and Stauffer LC

Exhibits\_eac.xls [No FUL and No LMAC]

8/11/99

# Acquisition Cost Summary

## Multi-Source Drug Products without an FUL or LMAC Price

### Louisiana Medicaid

NDC Number	Description	Number of Observations	Average Acquisition		Average Acquisition		Number of Rx	Reimbursed	Percent of Medicaid Volume
			Actual Cost	AWP	Cost as a Percent of AWP	AWP			
A	B	C	D	E	F	G	H	I	
49502068503	IPRATROPIUM BR 0.02% SOLN	16	0.28790	0.70560	40.8%	3,880	366,179	0.10%	
00054840211	IPRATROPIUM BR 0.02% SOLN	10	0.28100	0.70496	39.9%	4,668	359,565	0.10%	
00008077101	ISMO 20MG TABLET	25	0.63930	0.78817	81.1%	4,260	193,130	0.05%	
62175010701	ISOSORBIDE MN 20MG TABLET	27	0.31140	0.62850	49.6%	7,537	270,098	0.08%	
00364266701	KETOPROFEN 200MG CAPSULE SA	17	1.59020	2.49000	63.9%	4,183	283,354	0.08%	
58177030104	KETOROLAC 10MG TABLET	21	0.56690	1.13230	50.1%	4,725	129,919	0.04%	
00046078781	LODINE 500MG TABLET	9	1.23400	1.54550	79.8%	1,860	131,917	0.04%	
50474090916	LORTAB ELIXIR	13	0.09700	0.12453	77.9%	13,201	315,124	0.09%	
38245010708	MEBENDAZOLE 100MG TAB CHEW	13	3.23940	4.71792	68.7%	4,380	83,203	0.02%	
00091362001	MONOKET 20MG TABLET	10	0.54600	0.76550	71.3%	2,408	107,901	0.03%	
00045044816	MOTRIN 100MG/5ML SUSPENSION	5	0.03980	0.04735	84.0%	26,104	317,152	0.09%	
00045044804	MOTRIN 100MG/5ML SUSPENSION	4	0.04650	0.05666	82.1%	13,154	158,487	0.04%	
00034051710	MS CONTIN 100MG TABLET SA	2	4.17900	5.20940	80.2%	302	121,231	0.03%	
00034051510	MS CONTIN 30MG TABLET SA	3	1.51250	1.83333	82.5%	1,313	144,462	0.04%	
58177030304	NAPROXEN 500MG TABLET EC	24	0.66710	1.14040	58.5%	4,694	227,622	0.06%	
58177023211	NATALCARE CAPLET	15	0.11830	0.22810	51.8%	4,288	83,424	0.02%	
54391100201	NEPHRO-VITE RX TABLET	5	0.34580	0.51590	67.0%	4,136	84,371	0.02%	
00071057013	NITROSTAT 0.4MG TABLET SL	30	0.15280	0.18180	84.0%	9,999	94,688	0.03%	
00071057024	NITROSTAT 0.4MG TABLET SL	52	0.06720	0.08016	83.8%	11,079	116,081	0.03%	
00310060060	NOLVADEX 10MG TABLET	17	1.44080	1.69666	84.9%	890	82,508	0.02%	
00089022110	NORFLEX 100MG TABLET SA	21	1.44910	1.75088	82.8%	3,688	220,948	0.06%	
00085075204	NORMODYNE 200MG TABLET	24	0.62750	0.75670	82.9%	2,451	131,343	0.04%	
00062179615	ORTHO-CEPT 28 DAY TABLET	15	0.82350	0.98142	83.9%	2,788	81,484	0.02%	
00008069001	ORUVAIL 200MG CAPSULE SA	14	2.33600	2.88900	80.9%	4,190	333,484	0.09%	
00078001705	PARLODEL 2.5MG TABLET	1	1.56180	1.87420	83.3%	796	92,855	0.03%	
00378035701	PENTOXIFYLLINE 400MG TAB SA	18	0.33210	0.59400	55.9%	8,191	366,491	0.10%	
00228261111	PENTOXIFYLLINE 400MG TAB SA	25	0.28910	0.55450	52.1%	3,880	167,596	0.05%	
59911329002	PENTOXIFYLLINE 400MG TAB SA	4	0.24670	0.55460	44.5%	3,569	154,619	0.04%	
38245067210	PENTOXIFYLLINE 400MG TAB SA	8	0.25060	0.59400	42.2%	11,613	542,928	0.15%	
38245067250	PENTOXIFYLLINE 400MG TAB SA	7	0.20510	0.59400	34.5%	6,023	277,968	0.08%	

## Exhibit 22

# Acquisition Cost Summary

## Multi-Source Drug Products without an FUL or LMAC Price

### Louisiana Medicaid

NDC Number	Description	Number of Observations	Average Acquisition		Average Acquisition Cost as a Percent of AWP		Number of Rx's	Reimbursed	Percent of Medicaid Volume
			Actual	Cost	AWP	AWP			
A	B	C	D	E	F	G	H	I	
00472006708	PHENYTOIN 125MG/5ML SUSPEN	2	0.11230	0.12491	89.9%	2,418	85,290	0.02%	
24208031510	POLYMYXIN B/TMP EYE DROPS	17	0.86320	1.74200	49.6%	5,751	120,065	0.03%	
00451150016	PRELONE 15MG/5ML SYRUP	6	0.20870	0.25161	82.9%	8,099	129,268	0.04%	
00451150008	PRELONE 15MG/5ML SYRUP	10	0.25480	0.31452	81.0%	9,497	189,158	0.05%	
00024173001	PRENATE ULTRA TABLET	20	0.24680	0.30400	81.2%	3,082	80,140	0.02%	
00006010658	PRINIVIL 10MG TABLET	36	0.73640	0.88116	83.6%	4,898	154,876	0.04%	
00006020758	PRINIVIL 20MG TABLET	35	0.78670	0.94193	83.5%	4,473	154,766	0.04%	
00006001958	PRINIVIL 5MG TABLET	14	0.70550	0.84996	83.0%	2,897	84,043	0.02%	
59676031001	PROCRIT 10000U/ML VIAL	1	103.00000	120.00000	85.8%	955	709,331	0.20%	
59676030401	PROCRIT 4000U/ML VIAL	1	39.20000	48.00000	81.7%	615	191,983	0.05%	
00003056915	PROLIXIN DECANOATE 25MG/ML	2	18.62400	23.34000	79.8%	1,107	115,736	0.03%	
00781285560	RANITIDINE 150MG CAPSULE	3	0.32530	1.43333	22.7%	1,588	93,893	0.03%	
00093221001	SUCRALFATE 1GM TABLET	10	0.33190	0.68200	48.7%	2,569	137,512	0.04%	
00536112705	SUCRALFATE 1GM TABLET	1	0.30000	0.68852	43.6%	1,246	71,634	0.02%	
00536112701	SUCRALFATE 1GM TABLET	1	0.25110	0.70920	35.4%	1,398	75,919	0.02%	
00048107005	SYNTHROID 100MCG TABLET	7	0.19660	0.23088	85.2%	6,766	75,615	0.02%	
00048107003	SYNTHROID 100MCG TABLET	30	0.21060	0.27180	77.5%	8,151	101,815	0.03%	
00048113003	SYNTHROID 125MCG TABLET	50	0.26460	0.31800	83.2%	5,719	79,969	0.02%	
00048104003	SYNTHROID 50MCG TABLET	78	0.19750	0.24000	82.3%	9,489	109,694	0.03%	
00048105003	SYNTHROID 75MCG TABLET	47	0.22020	0.26520	83.0%	7,004	85,699	0.02%	
00555044609	TAMOXIFEN 10MG TABLET	37	1.28530	1.68633	76.2%	5,056	467,031	0.13%	
00555044603	TAMOXIFEN 10MG TABLET	15	1.26290	1.68624	74.9%	2,029	185,113	0.05%	
00006355803	TIMOPTIC-XE 0.5% EYE SOLN	93	4.66820	5.77500	80.8%	8,115	238,322	0.07%	
00173034743	TRANSDATE 200MG TABLET	18	0.62220	0.75672	82.2%	2,343	128,351	0.04%	
00039007810	TRENTAL 400MG TABLET SA	30	0.55360	0.66000	83.9%	3,268	174,223	0.05%	
00781205601	TRIAMTERENE/HCTZ 37.5/25 CP	10	0.15670	0.37530	41.7%	5,597	79,246	0.02%	
00781205610	TRIAMTERENE/HCTZ 37.5/25 CP	1	0.15000	0.36068	41.6%	6,397	86,350	0.02%	
00008253601	TRIPHASIL-28 TABLET	86	0.78370	0.98095	79.9%	10,704	298,538	0.08%	
00281736339	TYMPAGESIC EAR DROPS	17	0.95070	1.16692	81.5%	5,038	93,665	0.03%	
58177029204	ULTRA NATALCARE TABLET	15	0.12120	0.24710	49.1%	5,009	116,117	0.03%	

# Acquisition Cost Summary

## Multi-Source Drug Products without an FUL or LMAC Price

### Louisiana Medicaid

NDC Number	Description	Number of Observations	Average Acquisition		Number of Rx's	Reimbursed	Percent of Medicaid Volume	
			Actual Cost	AWP				
<b>A</b>								
<b>B</b>								
00682033301	URIMAR-T TABLET	33	D 0.27110	E 0.30600	F 88.6%	G 5,434	H 88,170	I 0.02%
00085064902	VANCENASE 42MCG POCKETHALER	29	4.50630	5.52230	81.6%	3,245	132,468	0.04%
00085073604	VANCERIL INHALER	35	1.86380	2.23988	83.2%	6,513	260,798	0.07%
50474031622	VICON FORTE CAPSULE	8	0.36510	0.45824	79.7%	5,892	110,677	0.03%
00555083302	WARFARIN SODIUM 5MG TABLET	21	0.35950	0.56748	63.4%	4,146	85,579	0.02%
00072810015	WESTCORT 0.2% CREAM	35	0.80260	0.95209	84.3%	7,783	155,418	0.04%
00072810045	WESTCORT 0.2% CREAM	20	0.54660	0.65610	83.3%	3,708	118,533	0.03%
00173042800	ZANTAC 150MG GELDOSE CAP	12	1.40130	1.65879	84.5%	1,968	140,643	0.04%
00310014210	ZESTORETIC 20/12.5 TABLET	20	0.90860	1.06190	85.6%	2,222	80,035	0.02%
00310014510	ZESTORETIC 20/25 TABLET	14	0.92260	1.07510	85.8%	2,245	77,747	0.02%
00310013110	ZESTRIL 10MG TABLET	55	0.74860	0.87920	85.2%	10,830	338,029	0.10%
00310013210	ZESTRIL 20MG TABLET	60	0.80920	0.94100	86.0%	9,901	339,367	0.10%
00310013410	ZESTRIL 40MG TABLET	15	1.18880	1.37460	86.5%	2,144	96,613	0.03%
00310013010	ZESTRIL 5MG TABLET	28	0.72990	0.85040	85.8%	5,753	164,658	0.05%
Total for Selected Drug Products						723,766	25,171,061	7.09%
Total - All Drugs Reimbursed by Louisiana Medicaid - Calendar Year 1998						10,319,500	355,179,537	

### Explanation of Columns

A: National Drug Code Number

B: Product Description

C: Number of invoice line items matched.

D: Average acquisition cost per unit observed in the invoices.

E: Average of May 1998 and November 1998 AWP per unit weighted by quantity purchased.

F: Average acquisition cost as a percent of AWP weighted by quantity purchased (e.g. an invoice line item with a purchase of 10 packages of a particular product would be weighted the same as 10 individual purchases.)

G: Number of prescriptions reimbursed by Louisiana Medicaid in calendar year 1998.

H: Medicaid expenditures in calendar year 1998.

I: Percent of total Medicaid drug expenditures in calendar year 1998.